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60 Dead in Hijacking; One Terrorist Survives

By John Winn Miller
The Associated Press

VALLETTA, Malta — A Maltese official said Monday that 60 persons were killed during the hijacking and storming of an EgyptAir jet, including nine children and four of five hijackers.

Paul Mifsud, the government spokesman, said that the wounded hijacker, whose name and nationality were unknown, had undergone surgery and was in serious condition but his life was not in danger.

Mr. Mifsud said that the hijacker had been identified by Hani Galal, the captain of the Boeing 737. The spokesman said he it had not been determined if the man would be tried in Malta or extradited to Egypt.

While the plane was on the ground at Valletta on Sunday, the hijackers made no demands other than refueling the craft for takeoff to an unspecified destination.

Mr. Mifsud also said that the Maltese government had received a message from President Ronald Reagan "in which he expressed his thanks for the firm stand taken by the Maltese government."

Britain said Monday that it admired the "strong stand taken by Malta and Egypt against terrorism."

King Hussein of Jordan and President Saddam Hussein of Iraq also declared their support for Egypt's "brave" decision, the Middle East News Agency said Monday.

[A senior Israeli official supported the assault, Reuters reported from Jerusalem. The official, who asked not to be named, said: "We grieve for the victims of terror. A lot of innocent people were killed. But we understand Egypt's decision to fight terror."]

An American woman appeared to have been the only fatality among the passengers before the plane was stormed Sunday night. The State Department has identified her as Scarlett Marie Rogenkamp, a civilian U.S. Air Force employee stationed in Greece. She was shot to death while the plane was on the ground at Valletta on Sunday.

A Filipino man identified as Suman Pablito died of injuries sustained in the shoot-out between Egyptian commandos and hijackers.

The other 58 victims, whose bodies were found aboard the plane, apparently died from wounds during the storming of the aircraft or in the fire that broke out after the hijackers detonated grenades when the Egyptians launched the assault.

The dead children included eight Palestinians and a Canadian.

Mr. Mifsud said that the American woman was the only one killed before the rescue attempt but that other people were shot and thrown from the plane. The captain had reported seven fatalities among the passengers before the assault, believing that all of those shot aboard the plane had been killed.

Five persons were wounded aboard the plane by hijackers pressing demands for fuel and an Egyptian security guard was injured in a gunbattle with one of the hijackers.

Mr. Mifsud said that 27 persons, including the surviving hijacker, remained in hospitals. Eleven passengers were released uninjured on Sunday.

He said that when the flight was hijacked, shortly after it took off from Athens, there were 98 persons aboard, including six crew members.

Mr. Mifsud said that the government was "deeply sorrowed" by the bloodshed of the final assault but that the government believed it had no choice but to authorize the assault by the Egyptians.

"It is important that we never give in to terrorists," he said.

About 25 Egyptian commandos were involved in the raid and returned to Egypt Monday.

In 1976, Egyptian commandos stormed a hijacked Egyptian airliner in Egypt and saved all the passengers.

A year later, a special forces unit flew to Larnaca, Cyprus, when Palestinian guerrillas took over a Cypriot airliner after shooting an Egyptian journalist, Youssef Sebai.

That operation also ended in tragedy. Amid confusion over whether the Cypriot authorities had given them permission to land, 15 Egyptians were killed in a gunbattle with Cypriot troops.

■ U.S. Firm in Support

The United States reaffirmed Monday its support of the assault despite the death toll that resulted, Reuters reported from Washington.

"Rescue operations like the one undertaken in Malta are risky affairs undertaken only in extreme circumstances," said Charles Redman, a State Department spokesman.

Washington stood by its Sunday night statement that it supported the "difficult decision" to storm the plane even though it was saddened by the loss of life, he said.

Maltese soldiers carrying away the body of one of the victims of the EgyptAir hijacking.

Ex-U.S. Agent Held In New Spy Case; Yurchenko Tip Cited

The Associated Press

WASHINGTON — The Federal Bureau of Investigation arrested a former National Security Agency communications specialist Monday on charges of conspiring to sell secrets to the Soviet Union. The arrest culminated an investigation that sources said was triggered by Vitaly S. Yurchenko, the former Soviet defector who returned to the Soviet Union.

Among U.S. allies, spying is not unusual, although use of a clandestine agent is. Page 4.

Ronald William Pelton, 44, a boat salesman, was arrested early Monday morning at a hotel in Annapolis, Maryland, an FBI spokesman said. He became the fourth person arrested on espionage-related charges in the last five days.

[Officials said they could not recall a time in which so many persons had been arrested for spying in such a short period, The New York Times reported from Washington on Monday. A federal law enforcement official would not rule out other imminent arrests and refused to say why the arrests had occurred so closely together.]

The FBI said Mr. Pelton had worked from 1965 to 1979 for the security agency, which monitors and intercepts sensitive communications around the world, and had top secret clearance with special access to signals intelligence.

According to a federal court document filed Monday, Mr. Pelton admitted to FBI agents that he has sold extremely sensitive classified information about U.S. intelligence activities to the Soviet Union.

The FBI affidavit said Mr. Pelton told the bureau in an interview Sunday that he met with a KGB officer, Anatoli Slavnov, on several occasions from January 1980 through January 1983 and accepted cash payments on several occasion, including a $15,000 payoff as a result of a trip to Vienna in January 1983.

Fred Warren Bennett, Mr. Pelton's court-appointed attorney, said his client's statement to the authorities should not be characterized as a confession.

The court documents indicate that Mr. Pelton did not start delivering secrets to the Russians until after he left the agency, and that the Russians received only dated information learned during Mr. Pelton's government service.

Federal sources, who declined to be named, said Mr. Pelton was the second former U.S. intelligence officer implicated in spying for the Soviet Union by Mr. Yurchenko, the top-level KGB agent who defected to the West on Aug. 1 and returned to the Soviet Union three months later.

The sources said both Mr. Pelton and the other man implicated by Mr. Yurchenko, Edward L. Howard, 34, who has fled to Finland, had been dismissed from their intelligence jobs well before they were implicated, but for reasons unrelated to the spying allegations now lodged against them.

Mr. Pelton had been investigated by the FBI for several months as a result of a description provided by Mr. Yurchenko, the sources said.

Others facing espionage charges are: Jonathan Jay Pollard, 31, a civilian analyst for the U.S. Navy, arrested outside the Israeli Embassy on Thursday and charged with selling classified military documents to Israel and Pakistan; Anne L. Henderson-Pollard, 25, Mr. Pollard's wife; and Larry Wu-Tai Chin, 63, a former CIA intelligence analyst, who was arrested Saturday and charged with selling U.S. secrets to China since 1952.

Meanwhile, a cousin of Ghana's military leader, Lieutenant Jerry J. Rawlings, has secretly pleaded guilty to spying on the United States and was swapped back to his homeland Monday in exchange for nearly 10 Ghanaians "of interest to the United States," Justice Department officials said.

The officials said that Michael A. Soussoudis, 39, was remanded to the custody of Ghana's ambassador to the United States, Eric Otoo, on the condition that Mr. Soussoudis leaves the United States soon.

Officials said that Mr. Soussoudis pleaded guilty at a closed hearing last week in U.S. District Court to two counts of espionage and was sentenced to 20 years in prison.

In return for his release, nearly 10 Ghanaians and their families were flown to another African nation.

AP

King Hassan II

King Hassan Is Willing To Meet Peres

Compiled by Our Staff From Dispatches

RABAT, Morocco — King Hassan II said Monday that he was willing to meet Prime Minister Shimon Peres of Israel if Mr. Peres had a serious Middle East peace plan to discuss.

"Mr. Shimon Peres has let me know that he would like to come and see me," Hassan said in an interview with French radio journalists.

"So I told him, 'With the greatest pleasure, but you and I are forbidden to do tourism. If you have something serious, come and see me,'" the Moroccan leader said.

An aide to Mr. Peres said Monday night in Tel Aviv that the prime minister was willing to meet the king.

The king's interview with Radio France International was published by the official Moroccan agency MAP in advance of his visit to Paris on Wednesday. Hassan is to meet with President François Mitterrand.

Hassan said that Morocco intended to buy 24 French Mirage 2000 jets, although the financial package still had to be discussed.

The king, who was chairman of the most recent Arab League summit meeting in Casablanca in August, said that Egypt's return to the organization could only be approved at a league summit meeting. But he said that Egypt could be readmitted without preconditions.

Egypt was suspended from the Arab League following its separate peace treaty with Israel in 1979.

Hassan said he expected a regular Arab summit session to take place in Riyadh, Saudi Arabia, by February.

He said he approved Fahd's decision to delay the meeting pending the outcome of initiatives by Arab reconciliation committees.

Hassan said it was up to King Hussein of Jordan whether to meet with Mr. Peres or not.

He also said that for the Arab world, the most worrying aspect of Israeli occupation of Arab lands was the human factor.

"What shall we find tomorrow when we repossess the Left Bank, what kind of a population?" the king said, referring to the West Bank. "Uprooted peoples who will be good neither for Israel nor for the Arab world?"

"The Arabs must try by all means, not to liberate the land but to liberate the citizens," he said, "the man of the city, but a city in peace with all its neighbors. This is the priority." *(Reuters, AP)*

Witness Tells of Wild Shooting Around Jet

United Press International

LONDON — Egyptian commandos fired indiscriminately and hit several fleeing passengers when they stormed an EgyptAir jet on a runway at Malta, an Australian who sat next to one of the hijackers said Monday.

"The Egyptian commandos were shooting up everything that moved on the runway outside," said Anthony Lyons, an electronics marketing man now living in England, in a British radio interview. "A lot of the wounding that went on was from the Egyptian commandos."

Mr. Lyons's account could not be confirmed immediately by other passengers.

The firefight, punctuated by grenade blasts set off by the hijackers, lasted 10 minutes and left 58 persons dead in addition to an American woman murdered earlier. Another passenger died in a hospital.

Denying allegations that Egyptian troops fired indiscriminately, the Cairo newspaper al-Ahram said in Tuesday editions that the Egyptians fired only seven bullets that hit two out of three hijackers.

Three bullets hit the first hijacker, who then attempted to shoot the plane's pilot, Captain Hani Galal. The pilot, however, hit him with an ax, the newspaper said.

The four other bullets hit the second hijacker, the paper said. At the same time, a third hijacker exploded a grenade.

The grenade started a fire in the rear of the plane, killing that hijacker and 26 passengers who were trapped in that section by flames and smoke, the newspaper said.

It said that Maltese firefighters failed to extinguish the blaze because they used water hoses that were ineffective. The paper said that chemical and foam extinguishers were lacking.

Meanwhile, Captain Galal said in Valetta, Malta, that he supported the Egyptian decision to storm the plane.

Captain Galal said he would not hesitate to endorse similar tactics against hijackers under the same circumstances: "We have to stop this nonsense," he said.

Mr. Lyons, 36, was being treated in a Maltese hospital for smoke inhalation and shock.

"Grenades went off within the aircraft and set fire to the inside of the aircraft," he said. "There was a lot of shooting, bullets flying everywhere. You couldn't see, you couldn't breathe."

Mr. Lyons said he was in the fifth row of the plane and stayed low "until I couldn't breathe anymore ... and I couldn't see. I went into the aisle and fell out the door."

"There were many people there who had been shot and were lying at the bottom," he said. "There were many people still shooting guns off all over the airport."

"Anyone coming out of the airplane was lucky not to be shot," he said. "They were firing pretty indiscriminately. They didn't know if we were terrorists."

Mr. Lyons said the hijackers were "well-dressed in suits and ties" and that he happened to be seated next to one of them when the plane took off Saturday from Athens.

The Egypt-bound Boeing 737 was hijacked about a half hour later and forced to go to Malta, where the commandos ended the takeover about 24 hours later.

Once on the ground, Mr. Lyons

(Continued on Page 7, Col. 2)

The Associated Press

Captain Hani Galal, pilot of the hijacked EgyptAir jet, indicating Monday the bullet wound in his bandaged head.

Egypt Says Assault Was Needed, Hints At Libya Link

By John Kifner
New York Times Service

CAIRO — Egypt asserted Monday that its commando assault on a hijacked airliner was carried out successfully and according to plan.

President Hosni Mubarak and other officials also sought to cast blame on Libya although they carefully avoided mentioning that country by name.

During the hijacking and subsequent rescue effort, 60 persons lost their lives.

The men who carried out the operation, a government statement said, belong to a Palestinian group which split from the Palestine Liberation Organization and works for an Arab nation well known for its practices of terrorism and which gives refuge to terrorists.

Mr. Mubarak struck a similar note in remarks in which he expressed sorrow and regret at the death of innocent victims "at the hands of cowardly terrorists," and added:

"I regret the involvement of certain Arab countries in criminal practices which result in nothing but damage and destruction."

Some Egyptian officials were privately letting it be known that the references were to the renegade Abu Nidal Palestinian faction, an enemy of Yasser Arafat, the mainstream Palestinian leader.

Abu Nidal, who has mounted terrorist attacks against Palestinian moderates, Israelis and other Arabs, has lately been reported to be operating from Libya.

The official government statement issued late Monday afternoon, although it did not mention the number of casualties, failed to conceal fully the sense of shock gradually dawning in Cairo at the extent of the carnage.

The handling of the hijacking of an Egyptian airliner to Malta could prove another embarrassment to Mr. Mubarak, and the government moved gingerly through the day Monday to limit potential damage.

After the raid occurred Sunday night, state television broke into its broadcast at 11 P.M. to report:

"An Egyptian commando unit stormed the hijacked EgyptAir plane in Valletta airport and managed to rescue the hostages and no losses were sustained by the Egyptian forces."

The semi-official morning newspapers featured news of the raid.

(Continued on Page 7, Col. 4)

A Heart Patient's Costly Bargain for Time

The Associated Press

A friend helped William J. Schroeder wave from his front porch during a visit in August to his Indiana home. On Mr. Schroeder's lap was a pump to drive his mechanical heart.

By Martha Barnette
Washington Post Service

LOUISVILLE, Kentucky — A year ago, William J. Schroeder could feel his life slipping away as he fought for every breath. It exhausted him to sit up for someone to brush his teeth. His diseased heart, doctors said, could pump only a few more days.

But Mr. Schroeder, a father of six from Jasper, Indiana, wanted to reach some milestones: spending one more Christmas with the family, attending his son's spring wedding, and seeing the christening of a new grandchild.

After Dr. William C. DeVries replaced Mr. Schroeder's failing heart with a mechanical pump a year ago Monday at Humana Hospital-Audubon in Louisville, Mr. Schroeder did live through those events. Now 53 years old, he has survived longer than any other recipient, human or animal, of a Jarvik-7 heart.

But his bargain for time was costly. He has suffered a host of complications, including three strokes that permanently damaged his short-term memory and speech.

Now his family does not know whether he remembers witnessing those cherished occasions. Although he was the first artificial-heart patient to live outside a hospital, he was readmitted to the hospital Nov. 11. This was after his third stroke left him weak and mute, at times only dimly aware of his surroundings, Dr. DeVries said.

A year ago, Mr. Schroeder hoped that a permanent implant would enable him to recover and go home. His wife, Margaret, remembers that "in the beginning, we kind of thought Bill would be better and we'd take him home to Jasper. He'd get better and that'd be it."

For 18 days after the operation, it seemed that Mr. Schroeder's dream was within grasp.

"It was like the difference between night and day. We had the 'old Dad' back again," said Mr. Schroeder's son Mel, 32. His father wisecracked his way through the initial recovery period, even asking his doctor for a beer.

But on Dec. 13, blood clots lodged in Mr. Schroeder's brain. Fever, weakness, anemia, seizures and two more strokes followed.

In January, he regained enough strength to walk again, but was felled by a lingering fever.

In April, Mr. Schroeder and his wife moved into an apartment across the street from Humana Hospital-Audubon. In a month, a second stroke left him lethargic and unable to speak for weeks.

By August, having confounded doctors' grim predictions, he was moved back to the apartment. That month, he was driven 90 miles (145 kilometers) for a two-hour visit to his Jasper home and rode in the van that led the town parade.

But there are so many bad days that Margaret Schroeder compares their life to a roller coaster.

Several weeks ago, she collapsed from exhaustion and hypertension and was hospitalized briefly. She returned to her husband's side earlier this month after his third stroke.

INSIDE

TOMORROW

An economic slump in Saudi Arabia is causing anxiety in the land of plenty. First of a five-part series.

U.S. Sends for Sudan Envoy

Reuters

WASHINGTON — The State Department said Monday the U.S. ambassador to Khartoum, Hume Horan, had been called to Washington to discuss reports of a security threat to Americans in Sudan.

New Zealand Rejects Early Release of Agents

The Associated Press

WELLINGTON, New Zealand — Prime Minister David Lange of New Zealand ruled out Monday an early release for two French agents serving 10-year jail terms for their involvement in the sabotage of the Rainbow Warrior, a Greenpeace protest ship.

"Will they be deported in the life of this government? The answer is no," Mr. Lange said.

Major Alain Mafart, 35, and Captain Dominique Prieur, 36, of France's external security service, were sentenced Friday on manslaughter charges. At the time, Defense Minister Paul Quilès of France said that his government was working to secure the agents' release.

A Greenpeace photographer, Fernando Pereira, was killed in the July 10 explosion, which prevented the Rainbow Warrior from leading a flotilla to protest nuclear tests by France at its Mururoa atoll.

Captain Prieur and Major Mafart are thought to have played supporting roles to the French agents who placed the mines that sank the ship.

Mr. Lange, in his first comment on Friday's sentencing, said he was concerned that France might use economic leverage to prompt the early release of the prisoners, who would become eligible for parole in about five years.

"We have not been provocative in any way to France," Mr. Lange said, "and if they use or try to use the leverage of economic sanctions to subvert our constitutional judicial system, that would be bad."

France, meanwhile, exploded a nuclear device Monday at Mururoa atoll, New Zealand seismologists said. The blast was the 7th this year

■ Lange Assails U.S.

Mr. Lange said Monday that the refusal of the United States to discuss New Zealand's proposed legislative ban on nuclear warships meant that "the spirit of Geneva" applied more to the Soviet Union than to U.S. allies, United Press International reported from Wellington.

Mr. Lange said that U.S. officials had refused to meet with officials from a Foreign Ministry delegation that had planned to travel to Washington in early December to explain the anti-nuclear legislation.

■ France to Seek Release

Prime Minister Laurent Fabius of France said Monday that France would continue to seek the release of the two imprisoned agents, Reuters reported from Paris.

Mr. Fabius said in a television interview: "Now that judicial proceedings are over, we have entered a government-to-government phase, a political phase.

"Our aim is to allow our citizens to return to France," he added. "We will be examining the means. I do not think that this should necessarily be done with a lot of publicity."

In Sabah, Holding Onto Office Can Be as Hard as Winning It

By Barbara Crossette
New York Times Service

KOTA KINABALU, Malaysia — Joseph Pairin Kitingan is a man under siege.

For seven months, he has been trying to do his job of governing Sabah, on the northern tip of Borneo and one of Malaysia's wildest and remotest states. That would be challenge enough but that is not exactly his problem.

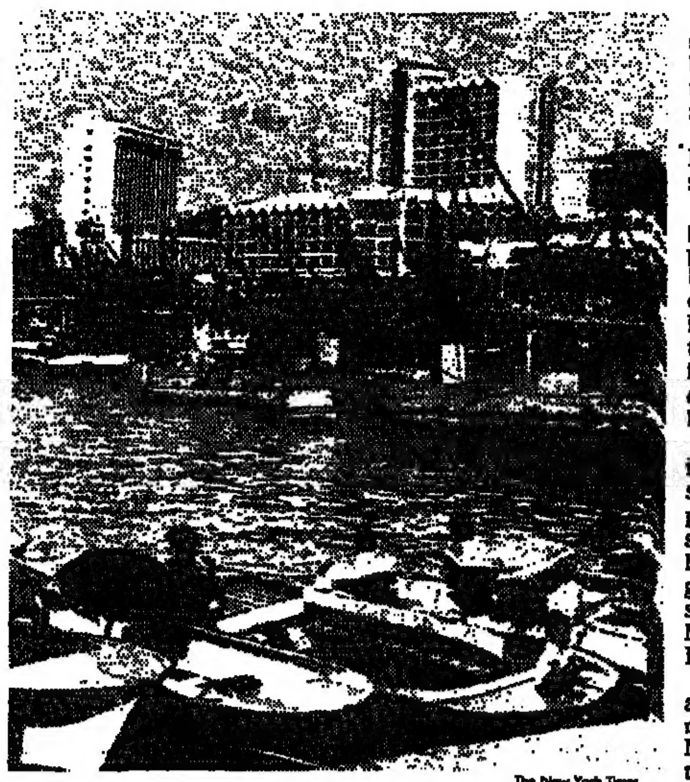
His real problem is this: Mr. Pairin, 45, a Christian and an ethnic Kadazan, was elected chief minister of Sabah in April in an upset victory over the candidates of two Moslem-led parties. The Kadazans are one of 16 indigenous ethnic groups in this ethnically diverse parliamentary democracy.

Since then, Mr. Pairin has been the target of what he says is legal and political harassment. The legal challenge includes an effort to overturn the election results.

The outcome of the struggle between Mr. Pairin and his adversaries is viewed widely as a test of how much diversity and dissent Prime Minister Mahathir bin Mohamad will be willing to tolerate.

The situation is particularly tenuous for Mr. Pairin because one of the parties challenging his leadership belongs to the coalition government led by Mr. Mahathir. The prime minister, Mr. Pairin says, apparently has done nothing to restrain his Sabah colleagues.

Mr. Pairin's maverick status is a political oddity in Malaysia, where the prime minister has been working hard to put Moslem Malays in full control of the government. Mr. Pairin leads the only state administration in opposition to Mr. Mahathir's National Front.



The New York Times

The harbor area of Kota Kinabalu, the capital of Sabah state in Malaysia, and the state's chief minister, Joseph Pairin Kitingan, who was elected in an upset victory last April.

Two-fifths of Malaysia's population are Malays, slightly less than two-fifths are of Chinese descent and the rest are of Indian and Pakistani descent, plus those belonging to the 16 ethnic groups. The country is expected to hold a national election within the next 16 months.

"The government could be doing more in expressing support for the elected government of this state," Mr. Pairin said. He added that he was thankful that at least the national government in Kuala Lumpur had appeared to accept the legitimacy of the April vote.

In Mr. Pairin's election victory, Sabah's Kadazan people — descendants of Borneo headhunters who form the state's ethnic majority — were joined by a large Chinese minority in turning out of office a minority Moslem state government led by Mr. Mahathir's political ally, Harris Salleh.

Voters told reporters at the time that they had rejected the Harris government because the former chief minister had signed away 95 percent of Sabah's oil and gas wealth to the national government and run up a foreign debt of nearly $1 billion on showy construction projects.

The disaffected Sabahans also said they feared that proselytizing by Islamic preachers was intended to undermine their own ethnic and religious identities.

The problems faced by Mr. Pairin began before the election results were announced.

In the middle of the night after polling day, Mr. Harris and his predecessor, Mustapha Harun, burst into the home of the state's ceremonial governor and forced him to swear in Mr. Mustapha as the state's chief minister. A lawyer for the governor, Adnan Robert, described the ordeal as "terrifying, humiliating and exhausting."

Mr. Pairin says it was also clearly improper. Under the parliamentary system inherited from Britain, the party leader commanding the most seats in the State Assembly should have the first chance at forming a government. Mr. Pairin had 26 seats, Mr. Mustapha had 16, and Mr. Harris had 6. Since then, Mr. Pairin's margin has widened.

Although Mr. Pairin was eventually sworn in as head of government, the case was not closed. Mr. Mustapha went to court to argue that his title had been usurped. The final hearings in that lawsuit are in progress.

But Mr. Mustapha and Mr. Harris did not stop with a legal challenge.

Last summer, Mr. Pairin, gaining converts to his party, moved close to a two-thirds majority in the State Assembly and began preparing amendments to the constitution to insure, he said, that future transfers of power were "graciously and properly carried out."

His opposition countered by forcing a series of by-elections. In three of them, the sitting Assembly members protested that their announced "resignations" were fraudulent. But the national election commission in Kuala Lumpur refused their appeals.

People of Sabah who backed Mr. Pairin and were euphoric last spring now seem stunned, saddened and angry.

The political consciousness of the Kadazans is only beginning to awaken with wider opportunities for travel and education. For many Sabahans, the election last April brought their first active involvement in politics.

What Kuala Lumpur may eventually maneuver Mr. Pairin into doing, politicians say, is to form a state coalition with one or both of the defeated Moslem-led parties. But this, a civil servant said, would certainly create problems for Mr. Pairin among his newly militant supporters.

"We don't want a coalition," an angry young business executive said. "We want the leader we elected."

■ Chinese Party Picks Leader

Tan Koon Swan has been elected president of Malaysia's largest Chinese political party, the Malaysian Chinese Association, Agence France-Presse reported Sunday from Kuala Lumpur.

Mr. Tan, 45, received 2,715 votes or 76.9 percent of ballots cast, to 809 for Neo Yee Pan. Mr. Neo had been the party's acting president for more than two years.

Mr. Tan's victory ended a 20-month struggle with Mr. Neo for control of the 400,000-member party, one of 11 in Mr. Mahathir's ruling coalition.

Shultz Cites Soviet Hint Of Afghan Flexibility

By John M. Goshko
Washington Post Service

WASHINGTON — Secretary of State George P. Shultz has reiterated that Mikhail S. Gorbachev, the Soviet leader, gave hints at the Geneva summit talks of greater willingness to negotiate the withdrawal of Soviet forces from Afghanistan.

Appearing Sunday on a U.S. television interview program, Mr. Shultz also seemed to confirm that the Reagan administration favored resumption of covert aid to the anti-Marxist insurgents in Angola. President Ronald Reagan said as much in an interview Saturday with editors and columnists, but his remarks were said to have caught officials by surprise because covert aid is rarely discussed in public.

[The White House spokesman, Larry Speakes, said Monday that Mr. Reagan had yet to decide on covert aid to the insurgents, The Associated Press reported from Washington.

["The president has not made final decisions on it," Mr. Speakes said, "but he was certainly expressing an opinion at the way he preferred to go with it."]

On Afghanistan, Mr. Shultz said that that it was too early to say whether a political solution could be found to the six-year war. But he said that "at least to my ear" Mr. Gorbachev "had some interesting and a little bit different kinds of things to say."

The fighting has caused heavy casualties among the 115,000 Soviet troops who are engaged in an effort to quell the resistance by Afghan guerrillas.

Mr. Shultz reiterated the U.S. view that "the principal thing is addressing the problem of Soviet troops in Afghanistan and their withdrawal." He said: "I'd like to study it more carefully."

During the Geneva meetings, U.S. officials reported a broad hint of future Soviet accommodation on Afghanistan. They said this was one of the important substantive features of the talks between Mr. Gorbachev and Mr. Reagan.

The United States has supported UN-sponsored talks that have been trying to find grounds for a negotiated settlement involving the withdrawal of Soviet troops, the establishment of a neutralist government in Kabul and the return of thousands of Afghans who have fled to Pakistan.

In Angola, insurgents led by Jonas Savimbi have been fighting for years against the Marxist government supported by Cuba and the Soviet Union. The Reagan administration is known to believe that a covert aid program would be more effective in forcing the Angolan government to negotiate with the rebels.

But covert aid is a sensitive issue in Congress, which is considering legislation to permit overt assistance to the anti-Marxist forces.

Mr. Shultz did not explicitly confirm Mr. Reagan's remarks on the subject, but he answered "yes" when asked if the administration would ask Congress to vote against overt aid in Angola.

"First of all, we support the freedom fighting of Jonas Savimbi and UNITA," Mr. Shultz explained, referring to the rebel movement by its Portuguese acronym. "Second, we want to support their efforts in a way that's effective."

His third point was that if there can be a negotiated solution to the problems of Angola and if it can be linked to the difficulties in southern Africa generally, then "that's the way to go." He concluded: "And we're trying to do that."

AP

George P. Shultz

What, Mr. Shultz was asked, should Mr. Gorbachev think about Mr. Reagan's call just after the summit talks for secret U.S. help for insurgents battling a Soviet-backed regime.

Mr. Shultz replied: "He is supposed to think that the United States will support people who fight for freedom, and we will try to figure out how to support them in a way that will be effective. And I hope he has that message. And I'm sure he does."

On another matter, Mr. Shultz denied that the United States had made commitments to the Russians before or during the summit meeting that it would continue indefinitely to observe the provisions of the unratified 1979 strategic arms agreement known as SALT-2.

He said there had been no change from the policy enunciated by Mr. Reagan last June. At that time, the president said that the United States would continue to refrain from undercutting the treaty but would reserve the right to change that policy if it decided that the Russians were not complying with SALT-2 restraints or not bargaining in good faith at the Geneva arms-reduction talks.

Mr. Shultz was speaking on the NBC program "Meet the Press."

Envoy to See U.S. Officials On Hostages

The Associated Press

NEW YORK — Terry Waite, the special envoy of the archbishop of Canterbury who has been negotiating for the release of kidnapped U.S. citizens in Lebanon, arrived Monday in New York for talks with U.S. officials.

Mr. Waite is expected to stay in the United States for only a few days before returning to Lebanon. The White House spokesman, Larry Speakes, said Monday that Mr. Waite would meet with administration officials, but not with President Ronald Reagan.

Mr. Waite has said he also would meet with relatives of the hostages.

Mr. Waite has made two trips to Lebanon in an effort to free the Americans, four of whom wrote a letter to the Most Reverend Robert Runcie, the archbishop of Canterbury, seeking his intervention on their behalf.

■ Militiamen Defy Truce

Moslem militiamen manned newly erected barricades Monday in West Beirut, in defiance of a cease-fire imposed after battles that reportedly killed 65 persons and wounded up to 300 in five days of fighting, Reuters reported from Beirut.

Fighters of the Shiite Amal militia and the mainly Druze Progressive Socialist Party manned earthen barricades in several areas despite a warning from their leaders that they would be shot unless they withdrew from the streets.

Calm returned Sunday to most areas of the mainly Moslem western sector after the Amal leader, Nabih Berri, and the Druze chief, Walid Jumblat, appeared together on television and warned gunmen that they would be shot if they stayed on the streets.

U.S. Announces a $250,000 Reward For Accused Planner of Ship Hijacking

United Press International

WASHINGTON — The U.S. State Department said Monday that it was posting a $250,000 reward for information leading to the capture and conviction of Mohammed Abbas, who has been accused by the United States of being behind the hijacking of the Italian cruise ship Achille Lauro.

In announcing the reward, the State Department said it did not know Mr. Abbas's whereabouts, but that reports had placed him in Iraq and South Yemen.

Mr. Abbas, who was with the four hijackers aboard the EgyptAir plane intercepted last month by U.S. Navy aircraft and forced to land in Sicily, was permitted to leave Italy when he claimed diplomatic immunity. He was carrying an Iraqi diplomatic passport.

From Italy, he traveled to Yugoslavia. After that his trail disappeared.

Under terms of the reward, the U.S. government will pay up to $250,000 "for information leading to the apprehension and effective prosecution and punishment" of Mr. Abbas or others not yet in custody in the Achille Lauro affair. An elderly American, Leon Klinghoffer, was killed during the hijacking.

Those with information on Mr. Abbas were told to contact the Diplomat Security Service of the State Department in Washington, or the nearest U.S. embassy.

2 Cardinals Say Reforms Of Vatican II Are Valid

The Associated Press

VATICAN CITY — Two leading cardinals said Monday that the liberal reforms of the Second Vatican Council remained "completely valid" for the Roman Catholic Church and that there could be no going back on those changes.

"The council remains valid," said Cardinal Godfried Danneels of Brussels. "It's impossible to regress."

The cardinals gathered on the first working day of an extraordinary synod of bishops convened to assess the impact of the 1962-65 council, also known as Vatican II.

The two-week synod is expected to chart a course for Catholicism and evaluate the state of the church. It is being attended by 165 bishops from around the world.

Cardinal John Krol of Philadelphia, one of the synod's three copresidents, said the implementation of Vatican II reforms had "exceeded great hopes that many of the members of the council had at that time."

Cardinal Danneels and Cardinal Krol discussed the general intent of the council's reforms at a news conference and explained the work of the special synod.

Asked repeatedly if a battle was shaping between conservative and progressive bishops, Cardinal Krol replied, "It's not a boxing match we are conducting."

Reports had suggested that conservative prelates might try to reverse some of the council's liberalizing reforms.

But Cardinal Krol said that "even from a juridical standpoint, the synod cannot change, overturn, retrench or amplify the ecumenical council."

Opening the synod with a Mass on Sunday, Pope John Paul II called for frank discussion at the synod. Cardinal Danneels said Monday that bishops were "struck" by the pope's gesture, which he said assured "extremely and completely free" deliberations.

The Belgian cardinal said the bishops' differences followed geographic lines. For example, he said, the issue of the role of women in the church was considered important by bishops from North America and Western Europe, but less so by those from Africa, Asia and Latin America.

Many theologians say that the Second Vatican Council injected vitality and dynamism into the Roman Catholic Church, which has 800 million followers.

Many also observe that the reforms bred dissent and challenges to church teachings.

The synod is an advisory body and can only make recommendations to the pope. But the meeting represents the first official Vatican forum in which the bishops may air their views on the effects of the reforms.

Reuters

Cardinal Godfried Danneels

Culture Forum Ends Without An Accord

Reuters

BUDAPEST — An East-West conference on culture broke up Monday without agreement, and each side blamed the other for the failure of last-minute negotiations.

The Budapest culture forum was part of the process of détente started 10 years ago in Helsinki with the Final Act of the Conference on Security and Cooperation in Europe.

The aim of the six-week meeting had been to draw up a document on cultural cooperation, but political differences proved too wide. The deputy Soviet culture minister, G.A. Ivanov, described the United States as "the country where cultural and physical genocide is practiced, where we see examples of racism and anti-Semitism."

"In the end the differences were too basic for us to reconcile our views about them," said Walter Stoessel, the U.S. delegate.

The British delegate, Norman St. John Stevas, a former arts minister, said that it was "regrettable that there should have been discord at the first major event since the Geneva summit."

Western delegates rejected any state interference in the arts. They wanted the forum to promote freedom of expression and contact, to defend the cultural rights of ethnic minorities, and to remove barriers to free expression such as censorship and radio jamming.

Western delegates said around 250 proposals had been made at the forum. Neutral states and the West had wanted to attach a list of all these proposals, whether approved or not, to any final document. But the Soviet bloc rejected this.

Gandhi Opens Assam Race

Agence France-Presse

GAUHATI, India — Prime Minister Rajiv Gandhi on Monday launched the governing Congress (I) Party's campaign for Dec. 16 elections in Assam state.

WORLD BRIEFS

China to Purge Party's Rural Branches

BEIJING (UPI) — China unveiled Monday a sweeping campaign to remove diehard Maoists and corrupt officials from rural branches of the Communist Party, the latest move in a drive to eliminate opposition to the free-market reforms of China's paramount leader, Deng Xiaoping.

A major policy statement distributed nationwide said that party members who had committed "serious mistakes" should be punished, and that "those who refuse to receive any education should be cleared out of the party organization."

The directive was published Monday on the front page of the People's Daily newspaper. It said that the latest stage of a two-year-old campaign against those resisting reform would cover more than 20 million party members in villages and townships. In two earlier stages, the campaign involved 20 million top- and middle-level party officials.

Murder Trial Ordered in Belushi Case

LOS ANGELES (UPI) — A judge ordered Cathy Evelyn Smith on Monday to stand trial for second-degree murder in the death of the comedian John Belushi, who was found dead from an overdose of cocaine and heroin in a Hollywood hotel in 1982.

Judge James Nelson of the Los Angeles Municipal Court allowed Miss Smith, a former singer, to remain free on bail pending an arraignment Dec. 10 on the murder count and 13 counts of administering drugs.

Miss Smith's attorneys argued during a pre-trial hearing that she was only an errand runner who helped Mr. Belushi feed an insatiable drug habit.

U.K. Newspaper Printers End Strike

LONDON (Reuters) — Printers at Britain's second-largest selling daily newspaper, The Mirror, ended a strike Monday which had threatened to close the newspaper. The printers went on strike Sunday over planned job cuts.

The publisher, Robert Maxwell, who wants to cut staff and introduce new technology, had said all publications of his Mirror Newspapers Group would shut down unless the printers accepted plans to dismiss a third of his 6,000 workers.

After talks with management Monday, printers at the Mirror and its sister papers, the Sunday Mirror and the Sunday People, agreed to end the strike and Mr. Maxwell said he was "completely satisfied" with the outcome.

Spanish Rightists Win a Regional Vote

SANTIAGO DE COMPOSTELA, Spain (Reuters) — A rightist opposition party has won a regional election in northwestern Spain, but it failed to gain an absolute majority in the area parliament.

In the election Sunday for the autonomous parliament in the Galicia region, the rightist Popular Alliance won 41 percent of the vote, up from 31 percent in the last local election in 1981, to take 34 of the 71 seats.

The Socialists also made big gains from 1981, according to near-final results. They won 22 seats, polling 28 percent of the vote, up from 18 percent in 1981. Coalición Galega, a new conservative nationalist party, did better than had been expected, winning 13 percent of the vote.

U.S. Military Rejects 66 in AIDS Test

WASHINGTON (AFP) — Sixty-six American youths were declared unfit for military service over the past month after tests determined that they had been exposed to AIDS, informed sources said Monday.

Under a Defense Department ruling, tests for acquired immune deficiency syndrome are compulsory for recruits. So far, 71,683 people have been tested under the regulation. A source who declined to be named said the number of recruits who had been exposed to AIDS was lower than health officials had predicted.

None of the recruits who showed a positive AIDS reaction had developed the disease, the source said.

Ruling Party Leads Honduran Voting

TEGUCIGALPA, Honduras (UPI) — The governing Liberal Party led by a slim margin Monday in an early count of votes in the presidential election, although an opposition candidate had the largest number of votes.

Honduras has two million registered voters. With 532,000 of Sunday's ballots tallied, the ruling Liberal Party had 51 percent of the vote. The National Party, with three contenders, followed with 45 percent. Under new Honduran election rules, the winner will be the top candidate in the party that receives the most votes.

If the Liberal Party continues to lead the balloting, its top candidate, José Azcona del Hoyo, would defeat Rafael Leonardo Callejas of the National Party. Mr. Azcona has polled 127,000 votes so far and Mr. Callejas has received 212,000.

Reuters

José Azcona del Hoyo

Soweto Nurses Rehired After Ruling

JOHANNESBURG (Reuters) — A South African hospital reinstated Monday about 1,700 black student nurses and auxiliary workers who were dismissed after they protested over their pay and working conditions, their lawyer said.

The lawyer, Ismail Ayob, said the Baragwanath hospital, which serves Johannesburg's black Soweto township, allowed workers to return without loss of benefits after a Supreme Court judge ruled Monday that the dismissals were invalid.

In his ruling, Judge Richard Goldstone criticized the authorities' handling of the crisis, during which troops were called in to cook and clean at the 3,000-bed hospital. He said officials must ensure that nurses can air grievances.

Police reported more unrest Monday, with sporadic firebombings and stone-throwing in the Eastern Cape and in Soweto. No deaths or injuries were reported.

For the Record

King Hassan II of Morocco has pardoned approximately 600 prisoners to mark Monday's observance of the prophet Mohammed's birthday, a palace statement said. *(Reuters)*

Surjit Singh Barnala, chief minister of the Indian state of Punjab and head of the main Sikh political party, the Akali Dal, won a vote of confidence Monday from party leaders in the state. *(Reuters)*

A Jewish man was stabbed in Jerusalem near the Church of the Holy Sepulchre on Monday — the fourth stabbing of a Jew in or near the Old City in two months, police said. A hospital spokesman said the man sustained moderate wounds on the head. *(UPI)*

Bogotá Declares Emergency

Compiled by Our Staff From Dispatches

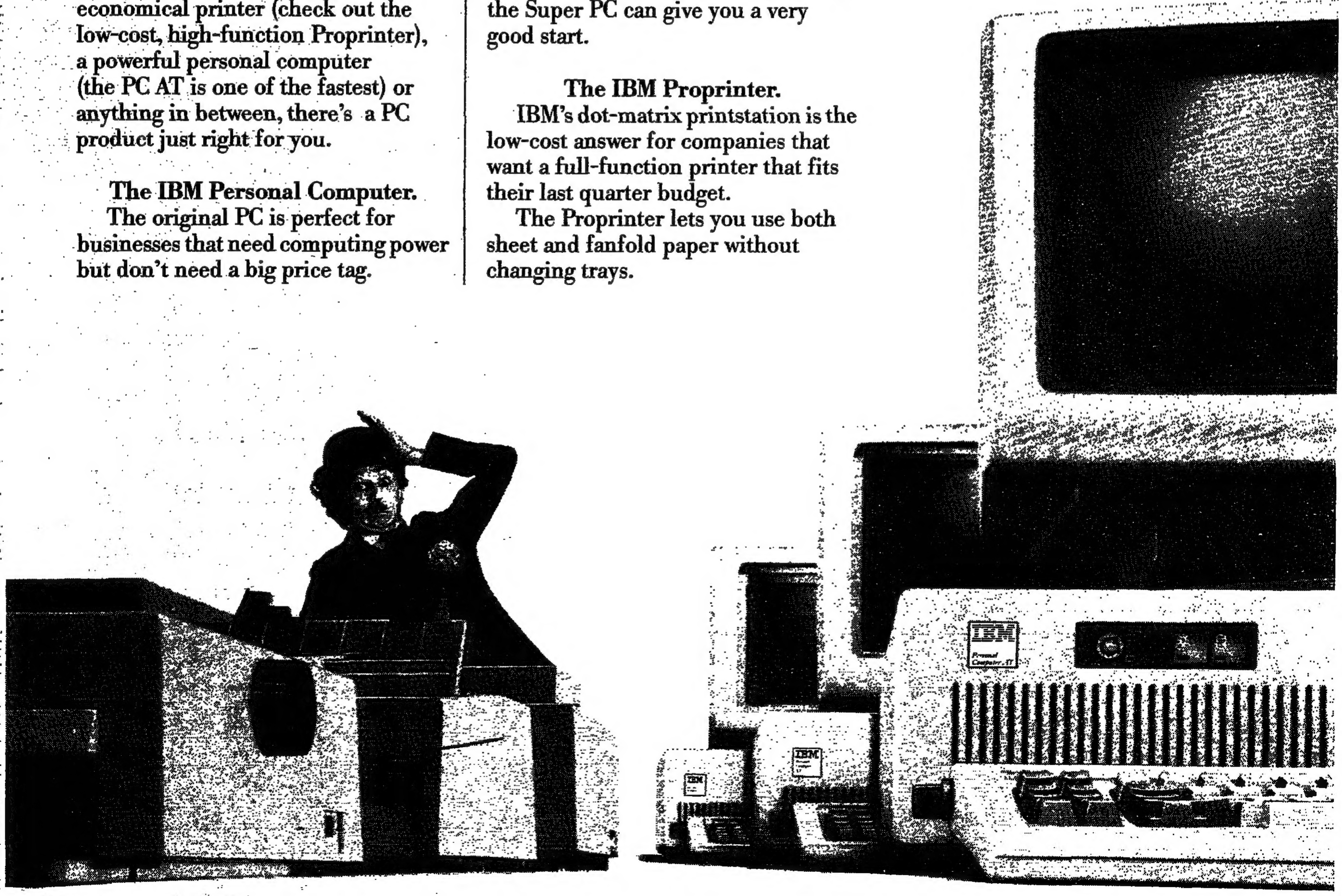
BOGOTA — President Belisario Betancur has declared a "state of social and economic emergency" in Colombia because of the volcanic eruption Nov. 13 that killed about 25,000 people and the occupation of the Palace of Justice a week earlier by guerrillas.

The decree, set to remain in effect for 35 days, said that "the economic and social order of the country has been disrupted." It empowered the president to take extraordinary measures without parliamentary approval.

Mr. Betancur said a fund of $18 million had been established to repair the large-scale damage caused by the volcanic eruption and by mud slides that it touched off.

In an apparent reference to widespread criticism that the government did not do enough to rescue victims of the eruption, Mr. Betancur said: "It's convenient to look for someone who's guilty. But this debate must stop. The most urgent thing we must do is unite in the work of salvation."

Ninety-seven persons, including 11 Supreme Court justices, died during the takeover of the Palace of Justice and in the attack on the building by Colombian troops. *(AP, UPI)*



Mississippi Reclaims Native Son

Wright Left 'Most Racist' State to Chronicle Black Suffering

By Edwin McDowell
New York Times Service

OXFORD, Mississippi — When he was 19, Richard Wright, the impoverished son of Mississippi sharecroppers, left his native soil forever, fleeing what he would later describe as "that most racist of all the American states."

Now, 58 years later, Governor Bill Allain has proclaimed Richard Wright Week from Nov. 21 to Nov. 28 in Mississippi. And the University of Mississippi sponsored a three-day symposium last week on Wright, the black writer who died in self-imposed exile in Paris in 1960, at the age of 52.

The symposium, which attracted 57 scholars from the United States, China, France, West Germany, Japan and the Ivory Coast to the university's campus, was titled "Mississippi's Native Son."

"Native Son," one of the best-known of Wright's 15 books, and a best-seller soon after its publication in 1940, is a harrowing novel of black suffering and white racism in Chicago in the 1930s. The irony of the symposium's title was not lost on its sponsors.

When Richard Wright left, 'Mississippi was one state; today Mississippi is another.'

— Maryemma Graham, University of Mississippi

Professor Ronald Bailey, director of the university's Afro-American Studies Program, noted the surprise of some of those present that the sessions were held on the very campus where only 23 years ago federal troops were sent to protect James H. Meredith when he became the first black to enroll at "Ole Miss."

The sessions examined Wright's years in Chicago, where he helped organize a writers group and joined the Communist Party, his ambivalence toward his native South, his literary art, his identification with ideas and movements from the Third World, and his legacy.

Mr. Bailey said that Wright had been translated into more languages than any other black American writer, and he and other scholars said that Wright's influence, because of his uncompromising protest against racism, has never been higher.

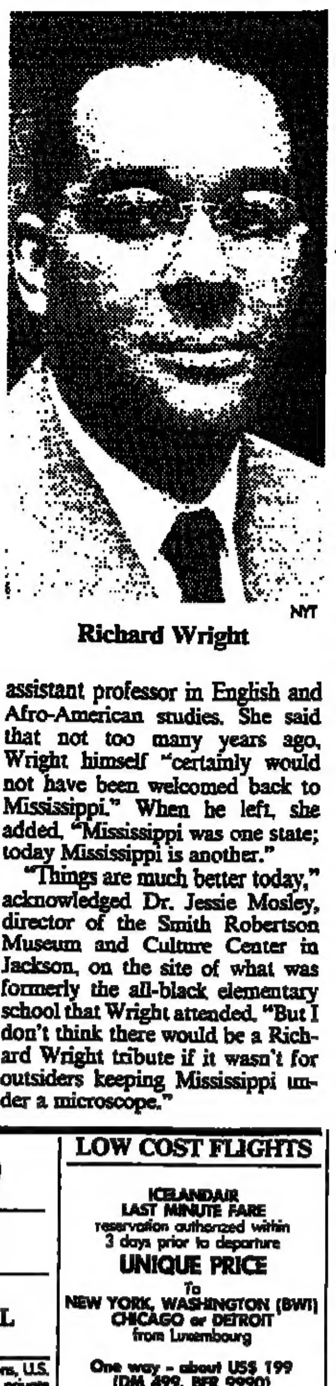
"Faulkner is considered the top Mississippi writer," said Dorothy Abbott, a member of the staff at the Center for the Study of Southern Culture on the campus, "but I would put Wright with Eudora Welty and Tennessee Williams in their international reputation. When you consider where he came from and what he achieved, his story is just remarkable."

Wright's best-known works, in addition to "Native Son," include the autobiographical "Black Boy," written while he lived in New York and published in 1945, and three novels written after he moved to Paris in 1947: "The Outsider" (1953), "Savage Holiday" (1954), and "The Long Dream" (1958).

Wright was considered the literary godfather of Ralph Ellison, James Baldwin and other black novelists who gave voice to black suffering.

The Wright symposium owes its existence to Professor Bailey and Maryemma Graham, his wife, an assistant professor in English and Afro-American studies. She said that not too many years ago, Wright himself "certainly would not have been welcomed back to Mississippi." When he left, she added, "Mississippi was one state; today Mississippi is another."

"Things are much better today," acknowledged Dr. Jessie Mosley, director of the Smith Robertson Museum and Culture Center in Jackson, on the site of what was formerly the all-black elementary school that Wright attended. "But I don't think there would be a Richard Wright tribute if it wasn't for outsiders keeping Mississippi under a microscope."



NYT

Richard Wright

2 Spanish Sailors Are Killed

Reuters

SAN SEBASTIAN, Spain — Two Spanish Navy men were killed and two were injured when their vehicle was machine-gunned Monday outside the Basque port city of San Sebastián, officials said. The police said the attack bore the hallmark of the separatist guerrilla group ETA (Basque Homeland and Liberty).

Even Among Allies, Spying Isn't Unusual

By Stephen Engelberg
New York Times Service

WASHINGTON — If a U.S. Navy analyst is convicted of spying for Israel, it will be the latest of many examples of allied intelligence services' spying on one another.

Former intelligence officers say, however, that the case of the navy analyst, Jonathan Jay Pollard, is unusual because the charges involve the use of a clandestine agent rather than other methods of gathering information.

Governments are reluctant to discuss their intelligence efforts in allied countries, and they often adopt the position that such efforts violate official policy. But U.S. officials say that the Central Intelligence Agency, like its counterparts abroad, gathers sensitive information about all of the world's strategically significant countries.

Some of the severest criticism of the CIA in recent years arose from the failure to predict the 1979 fall of Shah Mohammed Reza Pahlevi of Iran, one of America's closest allies in the Middle East.

Jeffrey T. Richelson, a professor at American University in Washington who specializes in intelligence matters, said that spying on allies was motivated by several factors, including the need to avoid being surprised by sudden shifts in policy.

For example, he said, in 1956 the United States monitored Britain's coded communications to keep informed about the progress of their Suez Canal operation. "One good reason to do it is that your allies can get you into more trouble than your enemies," Mr. Richelson said.

"Even with our allies, there are conflicting interests," he added. "There are things, for example, we don't want to see the Israelis do or things we don't want them to have. Whenever there's any sort of conflict of interests there's a motive for spying or intelligence."

On a number of occasions, U.S. intelligence agencies, particularly the National Security Agency, have been accused of monitoring the electronic conversations of allies. In 1954, for instance, an NSA employee was arrested on charges of spying for the Dutch government. Among other things, he told the Dutch that the agency itself was listening to Dutch diplomatic transmissions.

More recently, in 1979, South Africa expelled three employees of the U.S. Embassy in Pretoria who had fitted the ambassador's plane with cameras to photograph military installations.

In February, the Spanish government asked two American diplomats to leave the country under suspicion of espionage.

Israel has been the focus of charges of gathering secret information in the United States for a number of years. In 1978, Michael Saba, an official of the National Association of Arab-Americans, told the Justice Department that he had overheard a congressional aide offering to supply Israeli officials with a classified document.

The aide, Stephen Bryen, denied the charge and was cleared by the Justice Department. He is now a senior Pentagon official.

Mr. Saba, who is now with the Attiyeh Foundation in Washington, said that the U.S. government withholds from the Israelis a large amount of information on the military capabilities of Arab countries. This would include, he said, U.S. reports on the location of radar stations in countries like Jordan.

State Department and Pentagon officials said that the Israelis, through their liaison arrangements with various government agencies, are given access to a wide range of U.S. intelligence and military data.

But George Carver, a former CIA official said: "It's always pleasant to do a little cross-checking unofficially of what you're being told officially."

Regan Says He's Sorry He Irked Women

The Associated Press

WASHINGTON — Donald T. Regan, the White House chief of staff, has apologized for his remark that most women don't understand arms control. But he repeated that women are more interested in "peace and things of that nature" than the "nitty-gritty" issues of arms control.

In a television interview Sunday in which he explained his earlier remark, Mr. Regan said: "Women are more interested in peace and things of that nature. I don't think most women are interested in the nitty-gritty in what is happening in the Geneva armaments talks."

The earlier remark, published last week by The Washington Post, had caused a furor. In an article about Nancy Reagan's schedule at the summit meeting, Mr. Regan was quoted as saying that most women are not "going to understand throw-weights or what is happening in Afghanistan or what is happening in human rights."

On Sunday, Mr. Regan said he was "horrified" when he saw how the remark had been "misinterpreted."

He said it "was one answer in a fairly lengthy interview" conducted in mid-October.

"The way that the quote came out," Mr. Regan said, "it seemed to have the implication that I didn't think that women understood it. Far from it, I know women understand, many women understand these things."

He apologized to those who felt "offended" by the published remark. "I misspoke very frankly," he added, "and when I misspoke apparently it was a beaut."

Lesley Stahl, the reporter who questioned Mr. Regan on the subject, told him: "A lot of women told me to get you today."

Donald T. Regan

Leftists Claim Belgian Attack

Reuters

BRUSSELS — A leftist group called the Fighting Communist Cells has claimed responsibility for a bomb attack Thursday on a branch of Motorola Corp., an American company, during President Ronald Reagan's visit to Brussels.

Taxes for Americans Abroad Would Rise Under House Plan

By Robert C. Siner
International Herald Tribune

WASHINGTON — The House Ways and Means Committee has drafted legislation that would add significantly to the tax burden of many Americans living abroad.

The legislation would apply a minimum tax provision to anyone using an earned income exclusion, which is currently set at $80,000 but which would be reduced to $75,000 under the proposal.

The proposal was part of a tax-revision package adopted over the weekend by the panel. It now requires approval by the full House of Representatives, which is scheduled to take the measure up early next month, and by the Senate, which will not begin work on the package until next year.

Under present law, Americans living abroad may exclude $80,000 of their earned income from U.S. taxes. The figure is due to rise to $85,000 for income earned in 1987, to $90,000 for 1988, and to $95,000 for 1989.

The committee's proposal would reduce the exclusion to $75,000 and freeze it at that level.

Under the minimum tax proposal, an overseas taxpayer would add his salary, allowances, interest and dividend income to find "net taxable income." The taxpayer then would take personal exemptions and deductions or the standard deduction.

The taxpayer next would subtract a "threshold amount" of $40,000 for a married taxpayer or $30,000 for a single taxpayer. Twenty-five percent of what remains would be the minimum tax.

After calculating the minimum tax, the taxpayer also would compute his taxes using the income exclusion, and then would pay the greater of the two figures.

However, the minimum tax could be reduced by applying a credit for income taxes paid to a foreign government. In high-tax countries, including some European nations, the foreign tax credit could completely offset U.S. income taxes.

As an example of how the minimum tax would work, consider a married overseas taxpayer who earns $100,000 in salary and allowances after all deductions and exemptions have been taken. Under current law the taxpayer would exclude $80,000 of that, leaving $20,000 of taxable income. On this income he would owe about $2,500 in U.S. income taxes.

Under the proposed rules, he would subtract the threshold amount from the $100,000, leaving $60,000. His minimum tax would be 25 percent of $60,000, or $15,000. But under the $75,000 exclusion, his U.S. tax would be about $3,300. He would pay the greater of the two, or $15,000. This amount, however, could be reduced by the amount of taxes paid to foreign governments.

هكذا منه بالأصل

Opposition In Manila to Pick Single Challenger

Agence France-Presse

MANILA — The four leading members of the opposition have agreed that only one will challenge Ferdinand E. Marcos for the Philippine presidency, it was announced Monday.

Francisco Rodrigo, chairman of the National Unification Committee, which groups the major opposition parties, said that Salvador H. Laurel, Corazon Aquino, Jovito Salonga and Eva Estrada Kalaw had all agreed to the plan.

Analysts have given the opposition a chance of winning the election if it puts up a united front. The balloting is tentatively set for Feb. 7.

Mr. Rodrigo said the four had not yet agreed on how a challenger would be selected.

Mr. Laurel heads the largest opposition bloc, the United Nationalist Democratic Organization. Mrs. Aquino is the widow of Benigno S. Aquino Jr., the opposition figure who was assassinated two years ago. Mr. Salonga and Mr. Kalaw head rival wings of the Liberal Party.

Mr. Laurel and Mrs. Aquino are considered the leading contenders.

More than 27 million Filipinos will be eligible to vote in the election for the six-year presidential term, the Commission on Elections said.

The figure includes approximately 2.5 million youths who will be old enough to vote for a president for the first time. Mr. Marcos has been in office since 1965.

■ **A Million Supporters**

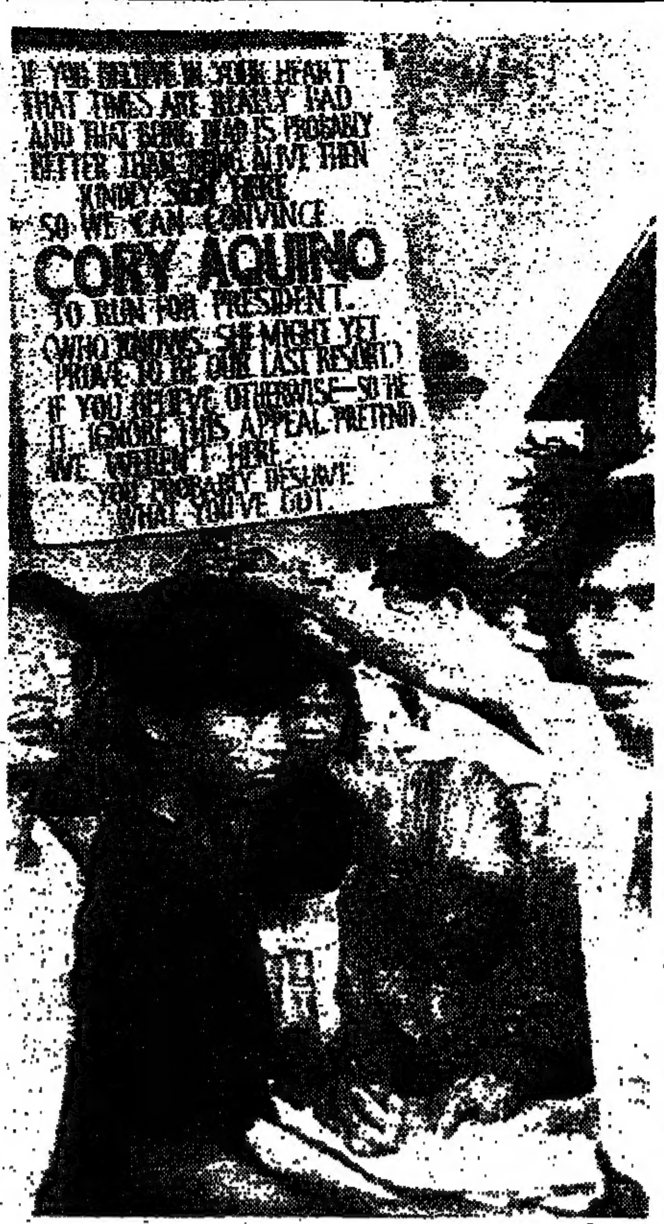
Supporters of Mrs. Aquino said Monday that they had collected more than a million signatures on a petition urging her to run, The Associated Press reported from Manila.

Mrs. Aquino, who has not formally announced her candidacy, had said she would consider a draft if her backers gathered the million signatures.

Dozens of Mrs. Aquino's followers cheered in the Manila headquarters of the petition drive when Joaquin Roces, the movement's leader, wrote the figure 1,005,882 on a scoreboard.

Mr. Roces, referring to the petition effort, said, "I believe this is the first time this has ever happened in the Philippines."

Organizers said that about 3,000 volunteers spent five weeks gathering the signatures in churches, government and private offices, public markets, parks, public transportation vehicles and on the streets of Manila and the provinces.



Reuters

A supporter of Corazon Aquino signed a petition urging Mrs. Aquino to run for president of the Philippines.

European Nations Meet to Discuss Refugee Policies

Reuters

STOCKHOLM — The United Nations High Commissioner for Refugees, Poul Hartling, met senior officials from seven West European countries on Monday in conditions of strict secrecy to discuss the flood of political refugees into Europe.

Diplomatic sources said officials from Sweden, France, Britain, West Germany, Denmark, The Netherlands and Switzerland were taking part in the meeting, at which Mr. Hartling was expected to express concern about the emergence of restrictive immigration policies.

"The meeting will explore the possibility of coordinating our approach to the growing numbers of people seeking asylum," one diplomat said.

UN officials in Geneva said the talks would center on the influx of refugees from areas such as the Middle East, and the widely differing rules applied by countries in deciding whether to grant asylum.

"Restrictive tendencies have developed in Europe," one official said, "and there is little reason to expect this trend to reverse."

Immigration has become a highly sensitive issue in several of the states involved.

Sweden, which organized Monday's talks after a UN-sponsored meeting in Geneva in May failed to produce agreement, has made it more difficult in the past year for refugees to enter.

Courts Worldwide Are Lenient On Nuclear Theft, Study Finds

By Joanne Omang
Washington Post Service

WASHINGTON — Courts worldwide have shown "astonishing leniency" in sentencing criminals for the theft or smuggling of material used to make nuclear weapons, a leading expert on nuclear proliferation said Monday.

Leonard S. Spector, in his second annual report on world efforts to halt the spread of nuclear weapons, reported that seven cases prosecuted successfully in four countries last year involved Pakistan, which is "at the threshold of becoming a nuclear weapons state." But he said that the sentences levied totaled 15 months and the fines totaled only $16,000.

Mr. Spector said the reason for the leniency was probably European and American desire to remain friendly with a nation opposed to the Soviet Union in a strategically important area.

He presented details of his report, entitled "The New Nuclear Nations," at a news conference.

Mr. Spector said evidence disclosed in the various trials indicated that contraband trade in "the nuclear netherworld" involved mechanical devices for bombs rather than radioactive materials, and that governments rather than independent or terrorist groups were the main actors in "a constant attack on the system" of international safeguards.

"We're not up against a nuclear black market as such," he said. "Weapons and weapons material does not seem to be available. These are national governments working to establish networks."

South Asia shows "the greatest increase in the danger of proliferation over the past year," Mr. Spector said, because of "very significant" advances made by Pakistan and continuing development of weapons capacity in India.

New large research and power reactors that opened last year brought India's capacity to a level 1,000 percent greater than it had been in 1974, when it first detonated a nuclear device, he said.

Mr. Spector said that last year's nuclear activity by China, which recently signed a nuclear trade agreement with the United States, was "a step in the right direction."

China's decision to observe International Atomic Energy Agency safeguards on its exports was "a big plus," he said.

The report said that Israel "probably added one or two Nagasaki-size atomic bombs to a preexisting nuclear arsenal of 20 to 25 aircraft-deliverable weapons."

Israel never has acknowledged possessing nuclear weapons. It has taken the position that it would never be the first nation to introduce atomic weapons into the Middle East.

Mr. Spector said developments in Latin America were "a bright spot" because of new civilian governments' determination to slow nuclear proliferation.

He cited an offer from President Raúl Alfonsín of Argentina for a mutual inspection agreement with Brazil as "a major opening."

On Libya, the report noted that "the image of a nuclear-armed Moamer Qadhafi contemptuous of world opinion and the value of innocent lives has become a symbol of the dangers posed by unrestrained proliferation."

But it added, "Libya has made little progress toward this goal, as an international embargo of nuclear transfers to Tripoli has appeared to gain strength over the past year."

There are five countries that have acknowledged possession of atomic weapons: the United States, the Soviet Union, China, Britain and France. A sixth, India, exploded a single nuclear device in 1974 but always has maintained that it was for peaceful purposes.

Several other states are widely considered to have nuclear weapons, or to be near to possessing them; they include Pakistan, Israel and South Africa.

Newest U.S. Lobbyist for South Africa Is Aggressive, Well Paid — and Black

By Juan Williams
Washington Post Service

WASHINGTON — He arrived here in 1978 with neither a college degree nor, by his admission, a dime in his pocket. After hitchhiking from Gastonia, North Carolina, he got a job sorting mail from 3 A.M. to 8 A.M.

He climbed the Republican ladder by taking jobs on Capitol Hill, and eventually landed a White House position. Today he runs his own consulting firm, representing South Africa for $390,000 a year.

His name is William A. Keyes, he is 32 and he is South Africa's newest lobbyist. He also is black.

Only one lobbyist for South Africa, John P. Sears, is paid more by Pretoria, at $500,000. A campaign manager for Ronald Reagan in 1980, Mr. Sears claims access to top Reagan administration officials.

Mr. Keyes's chief lobbying target, unlike that of Mr. Sears, is not the U.S. government. He takes aim at black Americans who have become the core of the anti-apartheid movement in the United States.

His qualifications for the job are his opinions — he supports the government of President Pieter W. Botha — and the fact that he is a black American, according to other lobbyists. They note that Mr. Keyes is unknown to black American leaders.

Since signing his contract with South Africa in August, Mr. Keyes has arranged meetings between black reporters and Louis Nel, South Africa's deputy minister of foreign affairs. He also has approached black American businessmen about opportunities in South Africa.

Mr. Keyes himself views the anti-apartheid movement with disapproval.

"One-man, one-vote is the principal question only for activists outside South Africa," he argues. "The principal question to men and women in South Africa is whether they will be able to provide for themselves and their families. After they deal with that, political participation comes into play."

"It's troubling to me," Mr. Keyes added, referring to American civil rights activists, "that people here in this country pursued a nonviolent course in the struggle to have their civil rights protected and yet will condone violent means in another country.

"It's not only distressing," he said. "It's downright hypocritical."

Mr. Keyes has made himself available for television interviews.

He appeared last month on Cable News Network just after Winnie Mandela, wife of Nelson Mandela, the imprisoned leader of the African National Congress, said in a taped interview that Mr. Botha was certain not to dismantle apartheid unless the United States applied "total" sanctions against South Africa.

Bernard Shaw, interviewer on CNN's "International Hour," turned to Mr. Keyes for his reaction.

Mr. Keyes shook his head and said: "It's important that we recognize in the U.S. the reality of the ANC as a terrorist outlaw organization which has perpetrated violence primarily against innocent black people.

"I don't think very many of us in this country are willing to stand up and say we favor the type of violence perpetrated against black South Africans by the ANC and groups of that kind which are being controlled by Communist parties in South Africa and the Soviet Union."

Mr. Keyes hitchhiked to Washington in 1978. After sorting mail, he took a pay cut for a job as research assistant with a Republican study group.

He climbed the conservative ladder, working first for the American Conservative Union as a welfare policy expert. He rose to the Joint Economic Committee of Congress while leading the fight to gain approval of tuition tax credits in the District of Columbia. In 1982, he went to the White House as a low-ranking domestic policy adviser.

In two years there, Mr. Keyes found himself ignored and treated "shabbily," according to former associates. He told one person that he "hated" his White House colleagues and that they did not respect him because they saw a "black face."

He left the White House and tried unsuccessfully to start a black-oriented newspaper in Washington. Then he formed Black PAC, a black Republican political action committee that financed black Republican candidates. It was slow to attract money.

Unemployed for a year, Mr. Keyes signed up for a free trip to South Africa from the South Africa Foundation, which pays Americans to take fact-finding tours of South Africa. He met twice with Louis Nel, deputy minister of foreign affairs.

The second meeting, Mr. Keyes recalls, led to a more private, dinner-table discussion of black America's role in the growing U.S. anti-apartheid movement.

After meeting later with Foreign Minister R. F. Botha, Mr. Keyes signed his $390,000 contract in Washington to act as a lobbyist for South Africa.


WP

William A. Keyes

Mr. Keyes said that black businessmen have been calling to ask how they can start business deals with South Africa.

He said he had no "problem whatsoever so long as I have the opportunity to explain to people what it is that I am doing."

"One of the first things I do," he said, "is to remind people that South Africa is not just a political issue but a country that has people in it.

"The question I ask people is, 'Does getting arrested out in front of the South African Embassy help solve any of those people's problems, or are there other programs we should put into effect if we really want to benefit those people?'"

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

IN RE NORTH ATLANTIC AIR TRAVEL ANTITRUST LITIGATION

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International Herald Tribune
Published With The New York Times and The Washington Post

Back Down to Business

Can President Reagan capitalize on his achievement in Geneva to make a breakthrough on domestic problems? If he is clear-sighted, he will concentrate now on breaking the congressional logjam on the federal budget. He should think less about reform of the tax system, desirable though that be, and more about swinging political opinion toward practical compromises that would reduce the budget deficit for the coming year and go on reducing it thereafter.

The arguments hardly need repeating. So long as America is running a deficit on its budget of around $200 billion a year, interest rates cannot come down importantly unless private business and individuals start borrowing less — which implies a recession — or unless the Federal Reserve substantially eases monetary policy, which implies a probable resurgence of inflation, the last thing the democratic world needs. But so long as America has to keep interest rates high, it will continue to attract foreign funds, thereby keeping the dollar overvalued and American goods uncompetitive.

Reducing the budget deficit will entail a mixture of highly unpopular decisions, probably limiting immediate spending on defense and social security and raising tax burdens, which can only be accepted if major political groups — including the administration itself — are prepared to surrender some of the entrenched positions they have taken up. They will not do this without leadership from the White House. But if ever the president was in a position to exert such leadership and deploy all his remarkable powers of persuasion, the time is now — on the descent from the summit.

New Reagan leadership should not be limited to America. The economic imbalances currently marring world prosperity need to be righted by action that transcends the United States. If all that happens is that Washington cuts its budget deficit, there could be worldwide recession. And it cannot bring the dollar down and get its foreign account into better balance unless other industrialized countries engineer enough demand in their economies to accommodate a higher flow of purchases of American goods.

It is in the interests of all the non-Communist countries to follow up the Geneva summit with action to ensure a more prosperous free-market world. President Reagan should use his new prestige to persuade his allies, inside and outside NATO, to create economic conditions that will impress a doubting world. The opportunity exists.

INTERNATIONAL HERALD TRIBUNE.

Hold Iran Accountable

Disturbed by charges of Iran's barbarous abuse of its own people, the United Nations last March ordered an inquiry by its Human Rights Commission. Iran has responded predictably. The special UN representative, Andres Aguilar of Venezuela, was barred from visiting the country and could not even elicit a reply to detailed accounts of torture and summary executions. Tehran's clerical rulers found time only to send him a boilerplate description of legal procedures. Nonetheless, Mr. Aguilar's interim report, which the General Assembly debates this week, relates Iran's defiance with a needlessly apologetic cough, making allowances for a country waging an interminable war with Iraq. The most Mr. Aguilar will say is that the allegations against Iran "cannot be dismissed as groundless."

In fact, Iran's most notorious crime predates the war. Soon after the shah's fall in 1979, the victorious mullahs started persecuting the largest non-Islamic minority, the 300,000 Bahais. Leaders were executed, adherents denied basic rights, families dissolved and shrines vandalized. Hundreds were murdered, thousands tortured and every Bahai stigmatized as an infidel tool of Satan, Israel and the shah.

The faith's real crime is its existence. Its prophet was a Shiraz merchant who was executed for heresy in 1850. His leading disciple, known as Baha Allah, gave the faith a name and global following. It celebrates the unity of great religions, racial and sexual equality and universal education. The faith's principal shrine is in Haifa, where it has been since Palestine was an Ottoman province.

Iran's clerical tyrants scorn the Bahais as an abominable offspring of Shiite Islam. Their intolerance is written into the Iranian constitution, which denies Bahais the protections accorded to Christians and Jews. No United Nations inquiry is needed to establish that omission. The General Assembly can atone for a spineless report by holding Iran accountable for a crime with the stench of genocide.

— *THE NEW YORK TIMES.*

Keep an Eye on China

The U.S. Senate has now voted its assent to the nuclear cooperation agreement with China. America is to sell reactor technology for the purpose of generating electricity, on the explicit condition that China does not divert it to military purposes or help other countries build nuclear weapons. The principle is clear. It is the enforcement that is in dispute.

The Reagan administration says that before it issues any export licenses it will negotiate "suitable procedures" for visits and exchanges of information with the Chinese. Senator John Glenn points out that those terms imply something less than the inspections and procedures for materials accounting that have been standard in the international effort to prevent the proliferation of nuclear weapons.

Because China already possesses nuclear weapons, the administration says, it falls into a special category. In the past the Chinese sometimes seemed ready actually to promote the spread of these weapons, but in the last few years there has been some change for the better in their attitudes. The administration contends that the nuclear agreement will reinforce their commitment to a policy of restraint.

But it is also true that in the last two years there have been disquieting reports of Chinese assistance to one country with large nuclear ambitions — Pakistan — and possibly to others. At the least, this agreement sets a precedent for relaxed surveillance that will make it harder to insist on international inspection in future agreements with other countries.

Last month Mr. Glenn introduced a bill to require the administration to tighten some of the agreement's provisions. The administration opposed it, on grounds that it would require renegotiation and would jeopardize the whole agreement. The foreign relations committees of the two houses acknowledged that Mr. Glenn's criticisms were not trivial, but wanted to avoid a direct collision with the administration. Working together, the committees wrote a compromise resolution that took note of Mr. Glenn's points and in effect told the administration and China that Congress will keep an eye on compliance.

That is the resolution that the Senate has passed — evidently the best that could be had. Even among Democrats there was not much inclination to defy the president on a foreign policy issue of such intricacy. We favored the tougher approach but believe that the resolution is better than nothing. It at least imposes a degree of precision that the Chinese nuclear agreement itself unfortunately lacks.

— *THE WASHINGTON POST.*

Other Opinion

What the Summit Didn't Do

What does the Geneva summit do for the world outside the Soviet Union and the United States? Anyone who has been living in dread that a nuclear war might break out at any time will still not feel able to relax, for the nuclear weapons and their overkill capacity continue to exist in both camps. The chances of mutual reduction of these arsenals have certainly not become worse, but the time scale for any such development will be a long one, and in any case a mere reduction will not necessarily lead to greater stability or security. Moreover, those who may be hoping that a future cut in arms expenditures could benefit the developing nations might care to remember that the problems of the Third World cannot be solved just by throwing money at them.

— *Neue Zürcher Zeitung (Zurich).*

FROM OUR NOV. 26 PAGES, 75 AND 50 YEARS AGO

1910: Fear of 'Caesarism' in America

NEW YORK — The "World" says: "Mr. Theodore Roosevelt has a curious delusion that 'the fight for progressive, popular government has merely begun.' Rooseveltism is only one of many assaults upon progressive, popular government. The New Nationalism represents reactionary, despotic government. As President Schurman, of Cornell University, said, 'it spells Caesarism in government.' For the Anglo-Saxon safeguards to freedom it substitutes the European system of a centralized bureaucracy. To call the New Nationalism progressive, popular government would be like calling Russia a progressive, popular government. When Mr. Roosevelt says the 'fight for progressive, popular government' has merely begun, he really means that his fight to gain the Presidency in 1912 has merely begun."

1935: Insurrection Spreads in Brazil

RIO DE JANEIRO — A 30-day state of siege throughout Brazil was proclaimed [on Nov. 25] following a Communist uprising, in which several thousand Federal troops joined the insurrectionists in three states in the northeast corner of the country. The port of Natal, in the state of Rio Grande do Norte, is in the hands of the rebels. Fighting between loyal troops and Communists is going on in Olinda, a few miles north of Pernambuco, and the Federal artillery is reported to be bombarding the revolutionaries. Unconfirmed reports state that Macaiba, near Natal, has been taken by Communists. The Communist uprising is believed by the authorities to be part of a plot directed by Luis Carlos Prestes, who was appointed by the Komintern to stage a revolution throughout the southern continent.

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A Summit Lesson About Limits

By Anthony Lewis

BOSTON — When we look back at the Geneva summit a few years from now, will it mean anything? Will it have earned a page of history? Not likely. And yet it will, if time has shown that it did one thing: taught the two principals something about the limits of their power.

The meeting was a failure in terms of substance. It missed an opportunity, the best in memory, to move toward real reductions in the bloated nuclear armories of the superpowers. Both sides had called for 50-percent cuts in weapons, but the leaders could not even agree on a framework for negotiation toward that end.

What is interesting is the reaction. Despite the lack of substance, and President Reagan's care to avoid euphoria, Congress eagerly applauded his intimations of hope, his references to the need for peace.

The American public seems equally pleased to think that something was achieved in Geneva. The eagerness to applaud tells us two things about the feelings of Americans.

First, how deep a desire for peace there is. What President Kennedy found when he toured the country in the last summer of his life is still true: Americans yearn for concrete measures to ease the strain between the superpowers, the war psychology, the burden of weaponry.

Second, how low expectations have become. We are pleased by the atmospherics in Geneva: the minutes spent together, the fireside warmth, the handshakes, the jokes.

Yes, there is some value in atmospherics, and in the human contact made. It matters that America's most doctrinaire right-wing president met a Soviet leader and concluded, as Mr. Reagan said to his cabinet: "I have to believe that ... they share with us the desire to get something done, and to get things straightened out."

He spoke of Mikhail Gorbachev with personal respect. "I think I'm some judge of acting," Mr. Reagan told reporters, "so I don't think he was acting. He, I believe, is just as sincere as we are in wanting an answer." And it is hard to dismiss President Reagan as soft on communism.

But all that is ephemeral unless it affects the actual policies of the two leaders. And the Geneva meeting can have had that kind of impact only if each man learned something of the other's reality, of the other system's values and commitments.

Which is to say: learned that his own country cannot unilaterally order the world as it wishes.

For Mr. Gorbachev, two policy areas will crucially test whether Geneva has affected his thinking. They are Soviet repression of dissidents and Jews at home, and the Soviet military occupation of Afghanistan.

Soviet officials always insist that their treatment of their people is an internal matter. When the human rights issue was raised at their press conferences in Geneva, the Soviet spokesmen stonewalled or walked out. But if Mr. Gorbachev is a realist he must know now that cruelty to dissidents and Jewish would-be emigrants has inescapable consequences abroad, sapping support for negotiations with the Soviet Union. Ditto the occupation of Afghanistan.

It has to be said that the omens are not good on the human rights front. A few victims were let go in connection with Geneva — but fewer than at the time of the last summit, in 1979. Persecution of such people as the independent peace activists, known as the Moscow Trust Group, continues. So does the harsh policy toward Jewish cultural activities as well as emigration. Mr. Gorbachev could so easily send a signal by easing up.

For Mr. Reagan, the test of what he learned at Geneva will come on military-economic policy. Through five years as president he has insisted he can vastly increase spending on weapons, launch a huge space defense program and ignore the economic consequences. His own supporters in Congress have ceased to believe that. Can he still believe, after Geneva, that limitless military spending will make Mr. Gorbachev sign on America's dotted line?

Again, the omens are not good. Speaking on the radio after his return to Washington, Mr. Reagan called on Congress to support both more weapons and space defense. He showed no sign of understanding the implications of what his own hawkish secretary of defense reported: that if the Russians seemed likely to develop a space defense, the United States would be forced to build more offensive nuclear weapons. And so would the Soviet Union.

Barbara Tuchman, the historian, put it in a sentence when asked what she wished for the Geneva meeting: "I would like for my compatriots to learn that there are two superpowers in the world, that America is not destined to govern the world after its own desire." Nor are the Russians.

The New York Times.

The Man in the Street Will Be Happy

THERE was a lot of smiling in Geneva, *The Observer commented in London Sunday.* Every time you turned around, it was to see television pictures of Ronnie beaming at Mikhail, or Nancy gazing fondly at Raisa. What the viewers in Moscow made of this bizarre sight, having been told for years that Mr. Reagan is a bloodthirsty warmonger, defies imagination ... The Soviet man in the street will be happy. The danger-of-war motif in Soviet propaganda has been so strong in recent years that mothers have written to television commentators asking if it is worth having more children. A more manageable U.S. relationship makes Mr. Gorbachev's planning easier. He will appear at the all-important party congress in February as a leader with an active strategy, poised for at least two more summits with Mr. Reagan.

Ave, Caesar, and How About a Domestic Summit?

By Haynes Johnson

WASHINGTON — Even given the daily excesses of this media age, the circumstances and the staging of Ronald Reagan's triumphant homecoming from the summit were extraordinary. They had all the elements of a public play similar to an ancient *supplicatio,* or sustained period of thanksgiving, declared by the people of Rome after Caesar won some great victory in far off Gaul.

Like mighty Caesar, President Reagan saw that his legion of admirers was exultant, his erstwhile critics could not wait to shower petals in his path and his standing among the populace soared even higher.

The Democratic minority leader of the Senate, Robert C. Byrd, told fellow countrymen that he slept better now that the president had achieved such a happy ending to his exercise in personal summit diplomacy.

Come to think of it, a better analogy for this latest Reagan political performance could be drawn from one of the president's favorite authors, Louis L'Amour, the writer of Westerns. Mr. Reagan was celebrated as the good sheriff, weary but unbowed, standing tall and modestly accepting acclaim from the cheering throngs after doing battle with an implacable adversary. The subtitles on television screens evoked an Old West saga of good and evil. "Reagan's Return," read the words superimposed on the screen by NBC.

And all this as the president's helicopter, red light flashing, was shown winking its way through the night toward the Capitol, circling the familiar monuments bathed in soft, yellow lights and then touching down for the great reception at the Capitol.

Still, that all this stage-setting was overdone and that the achievement of the summit was quite limited in no way detracts from what Mr. Reagan did accomplish — or from the opportunity that now is his.

His speech to Congress was the finest of his presidency. Not because it was his most eloquent, or delivered the most effectively, but because of his tone. Throughout, he was dignified and statesmanlike as he reported simply and convincingly on what had taken place in Geneva, and related how much remained to be done.

He was entirely realistic and, probably most important, conciliatory and generous toward the Soviets.

He made no false claims for historic breakthroughs; he did not promise, as he does so often, the inevitable happy ending; he did not minimize the difficulties and the differences that divide the United States and the Soviet Union. But neither did he attempt to make cheap ideological capital of the evils and dangers inherent in "the Communists."

Mr. Reagan made you feel that he truly believes in starting fresh with the Soviets; that he wishes to leave as a legacy a sounder relationship bringing with it the prospects for a more peaceful world. He was refreshingly free of his former harsh rhetoric and bitter hostility toward the Soviets. He deserved to be applauded.

One speech does not a future make, of course, nor does one meeting between feuding heads of state guarantee a resolution of problems. And within Mr. Reagan's words were signals of trouble ahead.

First, he obviously still clings to what he properly calls his "dream" about space defense, with its wondrous umbrella shield that protects all without hurting anyone.

It is an intoxicating theory. Instead of a defense against nuclear holocaust based on the concept of mutual destruction, presto, here we offer the ultimate fail-safe and painless system: simply put a laser shield in space that will prevent any nuclear weapons from arriving. This flies in the face of scientific perfectibility. Adherence to it makes genuine arms reduction more difficult and true mutual arms control efforts with the Soviets almost impossible.

Second, Mr. Reagan strongly hinted that he expects Congress to give him more funds for defense as the lawmakers deliberate about how to resolve the deadly budget deficit dilemma before them. He is most unlikely to be granted this wish. If he pushes Congress too hard in this direction, he stands in danger of destroying the good will that now surrounds him. He could lose on both the defense increases and the domestic spending cuts he desires.

Despite these concerns, another intriguing possibility arises out of this current high moment in Mr. Reagan's presidency. He has made possible a breakthrough in foreign policy by easing his previous rigidity toward the Soviets and seeking a more positive climate. He has the same opportunity to take the lead on the domestic front to break the budget impasse by easing his previous rigid stance.

Let him call a domestic summit of leaders of Congress; signal his willingness to accept cuts in both defense and entitlements and agree to raise taxes if necessary. The deficit would then surely decline. All Americans would be the beneficiary. His political standing would soar even higher.

If he does this, he could go down as a president who led his nation into a more peaceful and prosperous period. Now, that would be a historical record of success on foreign and domestic fronts truly worthy of the acclaim accorded a Caesar.

The Washington Post.

Win or Lose, Everybody Loses in the Iran Lottery

By Janet Janjigian

WASHINGTON — *The news from Iran has been sparse since most Western journalists were expelled when Ayatollah Khomeini took power in 1979. But I occasionally hear from a close friend who lives in Tehran and whose letters provide a glimpse of life under the ayatollah and the effects of the Iran-Iraq war. I have received several of these letters since I last saw my friend. The details change, but the message is always the same. Here is the most recent letter, excerpted to protect my friend's identity:*

Here I am writing to you from Iran, the site of the big lottery. What, you haven't heard about it? It's a very, very big lottery, one in which all Iranians are participating. Yes, of course, there are prizes. The big winner gets a direct hit on his or her house — free demolition!

The runners-up have to be satisfied with broken windows, cracked walls, cuts and bruises.

Of course, there are lots of consolation prizes. Scorpion and snake bites from sleeping in the open, outside of the cities; car accidents because of the mass exodus from the cities every evening with people trying to go home and leaving the city early. Oh yes, we must not forget the thieves and robbers who are so brave these days with all of the empty houses about!

Yes, it's really a carnival here. It's true that the Iran-Iraq war is a war of attrition. The chances of getting hit by a bomb are very small, but the noise of the anti-aircraft guns and then the big bang, not knowing whose turn it is tonight — it really works on the nerves. Also, take into consideration that there are no air raid shelters here. Nothing.

And that is the way the war is going here. No matter what happens, we are all losers. If Iraq wins, we are conquered. If Iran wins, then Khomeini wins, and that is also our loss. Khomeini has not kept even one of his promises. He promised free water and electricity to the poor — now the rats have taken over everything. He promised freedom of speech, and now we have only repression.

When the shah wanted to repress the people, his troops would fire shots into the air. These days, the shots are fired straight into the heart without any warning.

The pleasures have indeed gone from our lives and they are very close to being ruined.

My nerves — for a time I was taking tranquilizers — are frazzled and I have also put on even more weight than before. Life has become very isolated, nerves are ruined, people are listless — well, I'm sure you can imagine the rest.

Janet Janjigian is a producer for NBC Nightly News. She contributed this to The New York Times.

Polish Isn't Russian; Russia Isn't America

By Norman Davies

PALO ALTO, California — Not long ago, when Ronald Reagan ventured the opinion that the Russian language does not possess a word for "freedom," he was up to par for presidential expertise on such matters. Gerald Ford had said that Poland did not belong to the nations dependent on the Soviet Union. Jimmy Carter's State Department interpreter in Warsaw had to be dismissed because he took Polish to be more or less the same language as Russian.

Given the prevailing standards of information in America about the Soviet Union and Eastern Europe, presidents must not be blamed. If Mr. Reagan had been listening to network news before the summit, he would have learned that he was about to meet "the president of Russia."

One wonders whether many Americans are aware of the enormity of prevailing misinformation, or if they care. How might they feel if foreign comment about America was equally wayward? Imagine the shock waves in Washington if Mikhail Gorbachev volunteered that Americans had no word for "beauty" or "truth."

It is fashionable to blame the media. The media sensationalize, the media select, the media oversimplify. They do. But the most intelligent journalist can rarely be better than his sources. Editors and producers can rarely give their staff sabbaticals to brush up on Serbo-Croatian or study the finer points of Communist government. For this they rely on the academic profession, on the army of Western Sovietologists and Slavicists, who nowadays are clearly divided between those who do not know how the Soviet world works and those who cannot explain it.

Someone at some time will have to sort out the vocabulary used to discuss Soviet affairs. People must be weaned off Western terminology when describing organs of the Leninist state that share only a name with Western democratic institutions.

Western comment has just about reached the point where it realizes that executive power in the Communist system resides in the Politburo, that the chief executive must be identified not as "president" or "prime minister" but as the general secretary of the ruling party. But that is as far as the discovery seems to go.

Rarely is it made clear that the ruling party is not a political party but the executive branch of government; that the state is the party's administrative branch following party commands, much as a Western civil service fulfills the instructions of a government; that ministers are secondary officials receiving orders from the relevant party departments — unless, as with Eduard Shevardnadze, the minister has a second, more senior post in the party's apparatus. Soviet "democracy" means rule over the people by the party.

The big topic among Sovietologists now is "reform." Will Mr. Gorbachev make any difference? Nobody cares to explain what reform has always meant in the Russian tradition.

In a democratic system the purpose of reform is to strengthen the democratic process against encroachments of bureaucrats and fossilized institutions. In a dictatorship reform is to strengthen the dictatorship. The greatest reformers in Russian history — from Peter the Great to Stalin — have been the greatest tyrants. Reform is confined to experimentation in the social and economic spheres, accompanied by a tightening of the political regime, if not outright terror.

People who imagine that Mr. Gorbachev's expected economic reforms will be the first step in the direction of political relaxation or liberalization are living in cloud-cuckoo-land.

Worse still is the misperception of Soviet institutions. The KGB is widely but wrongly thought of as the equivalent of the CIA — a rather small, limited and amateur (though rich) organization in comparison. The elaborate Leninist system of party dictatorship is equated with the tin-pot military regimes and "one-party states" of the Third World.

> ***The Russians have traditionally used a third-rate economy as the base for first-class military power. There is no reason to think that will change.***

Worst of all, most Americans seem to look at the Soviet world through the prism of U.S. domestic politics. Since certain elements of the right, such as the vested interests of big business or the fanatical prejudices of the Moral Majority, declare themselves "anti-Communist" as a matter of principle, many decent, concerned Americans get the impression that the Communists may be on their side.

Although Moscow claims to be the leader of the world's "leftists," its attitudes are archetypally right-wing and ultraconservative. The traits that the inhabitants of Eastern Europe recount include militarism and a glorification of war that makes John Wayne look like a milk-sop Democrat; chauvinism and nationalism worthy of the John Birch Society; a sectarian ideology reminiscent of the Spanish Inquisition, and an approach to "law and order" that makes South African pass laws look gentle. Socialists, liberals and Democrats beware. It is you, not Jerry Falwell, that the KGB will consider anti-social.

The Soviet military-industrial complex is permanently established on a war footing. It enjoys an autonomous economic sector insulated from the general economy and designed to maintain its performance irrespective of the economy's performance. Mr. Gorbachev is not faced with a choice between military and civilian spending. The military gets what it needs.

Russia has traditionally had a magnificent military machine. Ever since the days of the Grand Duchy of Moscow, Russian ingenuity has concentrated on using a third-rate economy as the base for first-class military power — and they know how to, at terrible social cost. There is no reason to think it will change.

Conventional wisdom puts Soviet military spending at 15 or 16 percent of GNP — twice the American rate. In all probability it is higher. But even if it had to be 10 times the American level and all the car factories had to be converted to tank production, that would happen.

One might wish to conclude that Mr. Reagan is feebly educated and poorly advised. But Mr. Gorbachev, too, has troubles about misinformation. In his case the confusion is generated by a system that requires that truth be tailored to the convenience of the moment. Soviet managers habitually adjust their books to suit the dictates of the Plan. As a result, no one in the Soviet leadership can rely on anything he is told.

Paranoia and mutual suspicion are staples. They all know that they are all marching shoulder to shoulder, but the straight party line has been changed so often that it is impossible to say where it points. The all-pervasive manipulation of knowledge in the Soviet Union may serve to deny the West any precise understanding of Soviet reality, but it confuses the Soviet leadership as well.

So, although the balance of misinformation is not ideal, it has its virtues. Mutual assured delusion is a fact that all have to live with.

The writer, a visiting professor of history at Stanford University, contributed this comment to the Los Angeles Times.

LETTERS TO THE EDITOR

Filipinos and America

Regarding the opinion column "America's Commitment Is to Filipinos" (Nov. 13) by Robert A. Manning:

President Ferdinand Marcos is calling an early election not because of any outside pressure but because he feels strongly about seeking a fresh mandate. This decision was made purely in the context of the internal affairs of a sovereign country. It is a commitment of a leader to his own people. A not uncommon belief among us Filipinos is that the so-called U.S. commitment — in Asia just as in Latin America, Africa and the Middle East — is geared to the self-interest of America.

GEORGE N. GAMBOA.
Manila.

Succession in Tanzania

On Nov. 4 you published a report, "Tanzanian Ruler's Exit Reflects Stability," in which I am among those who were interviewed. The report states that "Professor Samuel M. Wangwe, an economist at the University of Dar es Salaam, argued that the new president will be impeded by the presence of [outgoing President Julius] Nyerere and party ideologues."

I did not so argue. Rather, I argued that in Tanzania the party is responsible for making basic policy changes and that this change, which involves only the government, cannot result in basic policy changes. Asked whether I thought that President Ali Hassan Mwinyi would effect basic policy changes, I said that he cannot do so because that is the responsibility of the party. Thus, I did not argue that "the new president will be impeded by the presence of Mr. Nyerere."

In addition, the report's use of the word "impeded" implies that the new president, who is also vice chairman of the party, would like to change basic policies of the party. I do not believe that he has those intentions.

S.M. WANGWE.
University of Dar es Salaam.

Mr. Nyerere's failure can be demonstrated by pointing out that after 24 years of independence the average Tanzanian is worse off than in colonial days. He should have admitted his failure and stepped down earlier.

PETER FRANK.
Arenzano, Italy.

Greece Says Guns Didn't Go Through Its Airport

The Associated Press

ATHENS — Greece denied Monday that the weapons used by the hijackers of an EgyptAir jetliner were smuggled aboard at the Athens airport.

The airliner was commandeered shortly after taking off Saturday night from Athens for Cairo. The hijackers forced the plane to land in Malta, where, 24 hours later, Egyptian commandos stormed the aircraft.

The Greek government, stung by criticism from British legislators and a call by the French pilots' union for a boycott because of lax security, said that airport security in Athens is "exercised with the highest international standards."

In an announcement quoting what it called "heads of security," the Greek government maintained that the weapons probably were hidden aboard the plane in Cairo before it flew to Athens. Egyptian officials reportedly said the plane and its passengers were inspected carefully before leaving the Cairo airport.

Greece also had insisted that weapons used by hijackers to commandeer a Rome-bound TWA jetliner after it left Athens on June 14 were hidden aboard the aircraft in Cairo.

But an accomplice to the hijacking, later arrested, said the weapons had been smuggled aboard the plane in Athens.

Peter Bruinvels, a British member of Parliament, said Monday that all British airlines should consider "with the very greatest caution" whether they should fly into Athens.

Mr. Bruinvels, a Conservative, said: "The Greek authorities are plainly not looking forward to increasing their tourism, because people will quite rightly be unwilling to go there bearing in mind the potential danger. Athens seems to be a pushover for terrorists and a haven for hijackers."

In Hamburg, Friedrich Zimmermann, the West German interior minister, was quoted in the newspaper Bild as calling for a boycott of the Athens airport.

The U.S. State Department issued a warning to Americans on June 18 to avoid the airport.

The travel advisory was lifted July 22 after the airport was inspected by the International Air Transport Association and the U.S. Federal Aviation Administration.

Both groups praised the new security measures put into effect after the hijacking.

EgyptAir passengers departing for Cairo on Sunday reported that Egyptian air marshals conducted body searches of everyone who boarded the plane and meticulously scrutinized their hand luggage.

■ **Security in Cairo**

A spokesman for the International Air Transport Association said a group is to travel Tuesday to Cairo to study airport security conditions there, Agence France-Presse reported Monday from Geneva.

Jetliner Had A Jinxed Life

The Associated Press

CAIRO — The EgyptAir jetliner hijacked to Malta is the same plane that U.S. Navy jet fighters intercepted last month with the hijackers of the Achille Lauro on board.

On the morning of Oct. 10, U.S. Navy F-14s forced the plane to land at Sigonella, Sicily, with the four Palestinian hijackers of the Italian cruise ship aboard.

This time, hijackers took over the two-engine jetliner on a Saturday night flight to Cairo from Athens.

Reuters

Patrick Scott Baker, 28, speaks to his family in Washington state from a hospital bed in Malta. He was shot in the head and thrown from the hijacked EgyptAir plane. The hijacker's bullet grazed him and he got up and ran away.

Witness Describes Firefight

(Continued from Page 1)

said, a group of Filipino women were permitted to disembark.

"Then an Israeli woman was told to go, too," he said. "The leader of the terrorists stepped behind her and shot her."

"They had to drag the next Israeli girl who was crying and screaming across the floor," he said. "They got her to the door and she was stopping herself going through the door. The terrorists kicked her and pushed her and shot her."

Patrick Scott Baker, an American, said on U.S. television, "I was walked out onto a platform and then shot. It was a graze. I was confused for a second. I fell down the stairs head first. . . . After about two minutes, I got up and ran away."

Of the hostages shot to back demands for more fuel, the only one to die was Scarlett Marie Rogenkamp, an American.

Captain Galal said of the hijackers' response to the Egyptian commandos: "I have never seen or heard anything like that before. Those people threw grenades on passengers in a confined place like a 737. It was hell."

He said the leader of the hijackers entered the cockpit about 10 minutes after the departure from Athens, holding "a grenade in his hand with the safety pin off."

"He pulled a gun and pointed it at my head and that lasted for most of the time."

The captain said the man grew angry when he saw the security forces surround the plane in Malta and asked them to withdraw.

"After that he was excited," he said. "He executed another American girl and he kept on like this" until six were shot. "I heard them begging for mercy and waiting to be killed."

Egypt Defends Decision To Storm Hijacked Jet

(Continued from Page 1)

but made little or no mention of casualties among the passengers. Some Egyptians filled with pride at the early, authorized accounts, gasped when they were told of the deaths of the passengers.

Others learned of the casualties, not from the state radio, but from Arabic language broadcasts from other countries.

"Everybody is upset about this — it's very embarrassing," said one young woman.

"Egyptians will not take that nicely, so much loss of life," added a Cairo intellectual.

When the midday state television came on in Arabic, there was no mention of the hijacking incident or the commando raid.

Monday night's television news showed the airliner's captain, Hani Galal, who felled a hijacker with the cockpit fire ax, and the commandos returning and being greeted by the defense minister, Field Marshal Mohammed Abu Ghazala.

"They're letting the news slip out gradually, which is what I would do in their place," said a Western diplomat.

Monday was a Moslem holiday in Egypt, celebrating the birthday of the Prophet Mohammed, with most offices, schools and stores closed, so communication was slow.

A strong undercurrent of innuendo seeking to implicate Libya ran through the official Egyptian accounts Monday.

The official statement, for example, noted a reported visit to the plane by the Libyan ambassador.

"The Libyan ambassador in Valletta went to the airport and talked to the hijackers and then immediately left for Tripoli at his government's request," the statement said.

Egypt's relations with Libya have long been strained and Cairo declared a state of emergency Sunday along the border and closed key desert roads between the capital and Alexandria. The state of emergency and the road closings remained in effect Monday.

■ **U.S. Investigation**

U.S. officials said Monday that the United States is investigating the possibility of a Libyan connection in the hijacking, Reuters reported from Washington.

Officials cautioned that there was a long way to go before any such connection could be proved or disproved, but they said the initial evidence was very strong.

"A Libyan connection screams out as a logical assumption," said one official.

■ **Abu Nidal Is Named**

Ihsan A. Hijazi of The New York Times reported from Beirut:

Sources in Beirut said Monday that the hijackers were followers of Abu Nidal, who is known for his strong opposition to Mr. Arafat, the chairman of the Palestine Liberation Organization, and that they were closely associated with the Libyan leader, Moamer Qadhafi.

The sources, close to the Palestinians, said that the hijackers wanted to deal a double blow to Mr. Arafat and to Mr. Mubarak.

In the so-called Cairo Declaration earlier this month, Mr. Arafat pledged that the PLO would renounce all guerrilla activity outside territory occupied by Israel. He made the move to dissociate the PLO from the hijacking last month of the Italian cruise liner Achille Lauro and the killing on board of an American passenger.

Big Joe Turner Dies; Blues Singer Was 74

Los Angeles Times Service

LOS ANGELES — Big Joe Turner, 74, a blues singer who transformed decades of urban black music into the roots of rock 'n' roll, died Sunday.

Mr. Turner died of a heart attack in Inglewood, California. He had been in failing health for several years as a result of diabetes.

He sang rhythm and blues songs such as "Shake, Rattle and Roll" and "Lucille" that became the foundation of a new genre of music when white singers such as Elvis Presley and Bill Haley popularized them for audiences of white teenagers in the mid-1950s.

"All his peers regarded him as one of the true giants of the blues," the jazz critic Leonard Feather said. "The records he made with Art Tatum, the pianist, in 1940 and 1941 are probably the greatest blues records ever made."

Mary Katherine Aldin, a historian of the blues, said Mr. Turner was the most-recorded blues artist in history, with nearly 200 albums and re-issues to his credit.

A part of the New York City jazz scene of the late 1930s and 1940s, Mr. Turner appeared with the bands of Count Basie and Duke Ellington.

He said that as a boy he trailed after two street singers, watching and listening to them as they accompanied themselves on harmonica and guitar. At the age of 13, he said "I earned 50 cents a day leading a blind man around with his guitar, singing with him."

Metropolitan Philaret, Headed Orthodox Group

NEW YORK (NYT) — Metropolitan Philaret, 82, archbishop of New York and Eastern America and Primate of the Russian Orthodox Church Outside of Russia, died Thursday at his home in New York City after a long illness.

He served as leader for 21 years of a church that evolved from the turmoil of the Russian Revolution in 1917 and now has 80,000 members worldwide. With world headquarters in Manhattan, the church, which is strongly anti-Communist, considers itself the one true Russian Church.

It is separate from the Russian Orthodox Church, which has 10,000 members who follow a presiding patriarch in Moscow, and the Orthodox Church in America, with one million members.

Egon Egone, 86, Lithographic Photographer

BOSTON (AP) — Egon Egone, 86, a photographer who developed a style of printing that made his pictures look like lithographs, died of cancer Thursday.

He studied at the Vienna Institute of Technology, and worked in Europe and the United States.

Mr. Egone won medals and citations for work shown at more than 90 exhibitions, and had studios in Milan and Viareggio. In 1939, his Italian citizenship was revoked, and he fled to the United States, settling in Brookline, Massachusetts.

■ *Other Deaths:*

Leslie Mitchell, 80, who announced the opening of the British Broadcasting Corp.'s television service in 1936, in London on Saturday after a long illness.

Kazuo Tashima, 85, founder and chairman of Minolta Camera Co., Tuesday of kidney failure in Tokyo.

Merlo John Pusey, 83, an author and retired editorial writer for The Washington Post, Friday of cancer in Washington.

James T. Licavoli, 81, identified by the U.S. authorities as head of organized crime in Cleveland, apparently of a heart attack, in Wisconsin on Saturday. He was serving a sentence in the federal prison in Oxford, Wisconsin, on racketeering charges.

ARTS / LEISURE

Little Steven Takes On Sun City

By Michael Zwerin
International Herald Tribune

PARIS — Miami Steve Van Zandt, also known as Little Steven, wears a babushka, beads, chains, big rings. Gypsy shirts open to the waist. His New Jersey syntax is liberally sprinkled with "like" and "man." He was Bruce Springsteen's star sideman for a decade before going out on his own in 1984. "The South African government wants people like me to play there," he said: "So they were more than accommodating."

The guitarist-composer thinks maybe his Dutch name had something to do with the fact that there were no visa problems a year ago when he said he wanted to go down and "look around." Van Zandt, who says, "It was cool because I got to talk to all sides," did not like what he saw and decided to try and change the view.

He is currently traveling around Europe promoting the album "Sun City: Artists United Against Apartheid," which he conceived and co-produced. "You've got to be there to understand the incredible degradation black South Africans have to go through every day. I've always hated bullies, like the kids who beat you up because you look different than they do.

"They are basically gentle people but we are the enemy. You can see it in their eyes, like, they're asking: 'Why are you doing this to me?' "

His private visit attracted flak. "People wanted to know what I was doing there. The Dutch name did *not* help me in Soweto. Some people thought I was after publicity. A couple of people told me they didn't want me there, even looking. They said, 'We want this boycott to be complete.'

"I said: 'Wait a minute, wait a minute. This is where you're wrong. Credibility doesn't work this way in America. If I can go back and talk about what I saw, *that's* credibility."

He asked the various African groups he talked to if they would approve of carefully selected people performing in South Africa. Some of his own songs are about justice and solidarity. One group told him no, it was too late. They had invited Jimmy Cliff a few years ago, but now they decided they do not want anybody to break the boycott, no matter how "righteous" they may be. Van Zandt told them: "Okay. You got it, man."

The USA for Africa album ("We Are the World") for Ethiopian drought victims was criticized for having a token number of black artists. "Sun City," by comparison, must be the most pluralistic popular music record in history. Miles Davis has his own track and serves as a sort of *leitmotif* popping up behind and between Bruce Springsteen, Kurtis Blow, Ruben Blades, Linton Kwesi Johnson, Keith Richard, Daryl Hall, Bob Dylan, Joey Ramone, Jimmy Cliff, the Malapoets from Soweto, and electronically treated statements by Ronald Reagan, who justifies constructive engagement, Nelson Mandela ("Your freedom and mine cannot be separated") and President Pieter W. Botha ("South Africa's problems will be solved by South Africans, not foreigners").

"It just grew organically," says Van Zandt. "After the artists did their bit on the Sun City song we encouraged them to contribute wherever they wanted. The album got its form out of that. The rappers would come in, rap on Sun City, then add their own rap. That's what happened with Gil Scott-Heron ['Let Me See Your I. D.']. Herbie Hancock and Tony Williams were there with Miles, so that became a song. Then Peter Gabriel [whose haunting song "Biko" first got Van Zandt interested in South Africa] came in, and that became a song."

Although Van Zandt seems satisfied with sales — "They shipped 250,000 to begin with and they're all gone" — the number is not huge and there are other problems.

Ironically, "Sun City" has been criticized for having been motivated principally by whites. Both producers have made their names basically by re-working black styles. Van Zandt's band is, after all, called the Disciples of Soul. And Arthur Baker has become one of the hottest producer/engineers in the business through his use of techniques developed by Jamaican disc jockeys and dub poets.

The sound has been called "rough" and "abrasive," the subject "controversial." San Francisco's radio station KITS describes requests as "moderate." A spokesman for the Manhattan Record Shop says that the "Sun City" single is "moving slower than we thought." Radio programmers say that with Band Aid and the Farm Aid album, benefit records are flooding the market. The music director for Chicago's WBBM calls it "charity burnout."

Van Zandt says that all royalties will go to the United Nations' "Africa Fund" — a third to families of political prisoners, a third to South Africans in exile and the remaining third to anti-apartheid groups in the countries where the record is sold. Although he is contributing a good deal of his considerable energy promoting, he discounts his role: "Before the Malapoets got on the record, I said, 'Are you sure you should do this?' They said, 'Hey, listen, we have to do this record whatever the consequences, whatever extreme it leads to.'

"When somebody tells you they're ready to die to be on a record, *that's* commitment."

Christian Rose
Miami Steve Van Zandt

An Alternative Carpenter in Zimbabwe

By Michelle Faul
The Associated Press

HARARE, Zimbabwe — Bevill Packer jumps up and down on his paper tables and dashes his paper chairs to the floor. They are often stronger than wood, he declares, and they help save trees and energy.

Packer, 70, a retired college lecturer, is a proponent of a craft he developed in the late 1970s and dubbed "appropriate paper-based technology" (APT) — making things out of waste paper.

Today, Packer's products, ranging from tables to toys to bowls to baskets, furnish schools and homes in rural Zimbabwe. His latest product, a paper wheelchair, is being tried out at a home for disabled children. Packer has even used scrap paper to make solar ovens with fronts made of glass collected from junk dealers.

"The beauty of it all is that all APT articles contain at least 99 percent waste paper," Packer said in an interview. Materials to make the items cost virtually nothing, their manufacture provides employment and they promote conservation.

Saving trees is of benefit in Africa, where about 80 percent of the energy is derived from wood. In Zimbabwe, many rural women spend half the day gathering firewood for cooking and deplete the forests in the process.

Three of Packer's wheelchairs, requiring only paper and paste and 12 to 20 hours of labor, have been on trial for a month at Harare's Jairos Jiri Home for Disabled Children.

One is being used by Darlington Zambe, who has spent most of his 6 years lying on beds and floor mats. When he wanted to move, his mother had to carry him.

"The joy that little boy gets from his chair is too wonderful to see," said Packer, who was born in England and has lived in Africa for 45 years, the past 22 in Zimbabwe.

Wilson Ruvhere, manager of the home, said scores of parents with disabled children are eager to acquire a Packer wheelchair since a conventional one made locally costs 400 Zimbabwe dollars (about $240) and an imported one around 800 Zimbabwe dollars.

Packer has put no cost on his wheelchairs. He has donated the ones made so far, but he is the only person making them and hopes to train high-school students to make them for charity.

Like all APT articles, the wheelchairs are made by pasting together layer upon layer of scrap cardboard and paper. Old shoe boxes, *potato bags, cereal cartons* and other scraps can be pressed into flat surfaces or rolled to make such items as table legs or wheels.

The only cost is for flour to make the paste and varnish for the finishing. But Packer said craftsmen could make paste from leftovers of Zimbabwe's staple food, a thick porridge made from ground corn.

"We don't buy paint to decorate — that costs money," Packer said. "We use pictures from old magazines, or the colors from the pictures, to make mosaics."

Children's tables are decorated with racing cars, coffee tables are adorned with wildlife scenes and children's chairs are labeled "comrade" or "commander." Other APT items include children's building blocks, hats and baskets.

"The possibilities are endless," said Packer, who with his wife, Joan, runs courses at minimal cost for domestic workers and peasants. The aim is to teach them to make items for their own use and for sale.

Mrs. Packer said one of her domestic workers who took the course earns about $54 a month in her spare time making APT furniture. That's a tidy sum in a country where the minimum monthly wage is $45.

Packer is lobbying to have his craft taught in schools along with woodworking. It is cheaper, argued Mrs. Packer, to take up APT as a vocation than woodworking because it isn't necessary to buy a set of expensive tools. Wood itself, she said, is becoming scarcer and more expensive.

"If they were taught APT, any school leaver could start earning money without any outlay at all," said Mrs. Packer.

One drawback of Packer's products is that they can deteriorate if rained on, so they are meant for use indoors or in sunny weather.

A Feast of Gift Books for the Gourmet Browser

New York Times Service

THE knickknacks and luxuries offered in this annual U. S. gift-book roundup are indeed books, each and every one of them. But some of them are as fun as toys. Others are as useful as tools or instructive as a schoolhouse. As a group they looked so good arranged together on the dining room table that I wanted to leave them there and admire them for the season. But one must eat as well as read. Alas.

"Actual Size: 250 Actual Size Images of the Real World," by the Philip Lief Group (Dolphin-Doubleday, 70 pages; paper, $9.95): Depicting such objects as a shrew's *brain, a million dollars in $100* bills, Julius Irving's hand and a fingernail of the Statue of Liberty, this 11-by-14-inch stocking stuffer puts things in proportion as few books have done before.

"Bordeaux: The Definitive Guide for the Wines Produced Since 1961," by Robert M. Parker Jr.; drawings by Christopher Wormell (Simon & Schuster, 542 pages; $18.95): A château-by-château analysis of nearly every wine produced in the Bordeaux region of France from 1961 through 1984, by the editor and publisher of the "Wine Advocate." Using terminology that even those lacking a taste for wine can understand, this book provides both a quick-reference shopping guide and an education in the art of wine making.

Two practical and appealing books on home decorating — "The Mary Gilliatt Book of Color" (Little, Brown, 128 pages; $19.95); and "Terence Conran's New House Book" (Villard, 367 pages; $40): Gilliatt, who has written extensively on interior design, concentrates on color coordination, devoting a chapter to each important color, along with inspiring photographs of room sets. Conran, founder of the home furnishing and clothing empire that bears his name, takes you by the hand and leads you through the entire process of designing and decorating a house, whether you are starting from scratch or simply planning to provide some storage space for your wine collection.

Two unusual collections of portraits: In Paul Davis' "Faces" (Friendly Press, unpaginated; $24.95), the artist brings remarkable color and wit to his paintings of such figures as Woody Guthrie, Henry Kissinger, Jack Nicholson and Che Guevara, most of which were done for magazines or theater posters. If Davis occasionally romanticizes his figures, Richard Avedon has done quite the opposite in his stark and powerful "In the American West, 1979-1984" (Abrams, unpaginated; $40). By photographing against a white background such figures as miners, oil field workers, hospital inmates, slaughtered livestock and his already famous boy holding aloft a bloody eviscerated rattlesnake, he *has done more to deromanticize the* West than a day spent without water in Death Valley. An amusing antidote to which is "Cadillac," with photographs by Stephen Salmieri and a text by Owen Edwards (Rizzoli, 142 pages; $50). In more than 80 portraits, many of them hand-painted by Sydnie Michele Salmieri, this handsome volume shows us America's icon of success in all its styles and moods, from vulgar opulence to junked neglect. Car books come and go, but this one stays.

Movie books come and go, too. But while "Astaire Dancing: The Musical Films," by John Mueller (Knopf, 440 pages; $45), is almost too full of Fred Astaire's comings and goings, in dancing circles and spectacular leaps, it does arrest one's consciousness as an extraordinary study of film art. In the particular lies the key to the general, and in the meaning of Astaire's movement, this professor of film at the University of Rochester convinces us, lies a deeper understanding of cinematic expression.

For travel in the New York area, there is "The Hudson River & the Highlands: The Photographs of Robert Glenn Ketchum," with an essay by James Thomas Flexner, and an afterword by Robert Glenn Ketchum (Aperture, 87 pages; $25). These stately, straightforward nature photographs make us understand anew why an entire school of artists devoted itself to the Hudson and its captivating environs. And for travel farther afield there is "China," with photographs by Hiroji Kubota, and a foreword by Jonathan D. Spence (Norton, 203 pages; $65), which stands out for its color and variety of mood and detail, even among the increasingly spectacular travelogues that improving photographic techniques manage yearly to produce.

Martin Seymour-Smith, Oxford-educated and the author of some 30 books, travels not with a camera in "The New Guide to Modern World Literature" (Peter Bedrick Books, 1,379 pages; $60) but with his command of more than 20 languages, his omnivorous knowledge and his sharp and outspoken opinions. ("To say that Frost is overrated *is* not to say that he is unimportant.") Had we read Seymour-Smith sooner, we would have *known more* about Jaroslav Seifert, "a minor poet" but "a man of courage," and Claude Simon, "the novelist of entropy, of running down." And there is doubtless news in this 3-inch-thick book of Nobel laureates to come.

You can't trade 'em or flip 'em, but they're all here — from Larry (Yogi) Berra, No. 1 in the 1951 series of "red backs," to Darrell Evans, 792 in the 1985 series — more than 21,000 full-color reproductions in "Topps Baseball Cards: The Complete Picture Collection; A 35-Year History, 1951-1985," foreword by Willie Mays, introduction and card history by Sy Berger, text by Frank Slocum. (Warner, unpaginated; $79.95). Entertaining both as a glimpse of baseball's evolution and as a history of the modern bubble-gum card phenomenon. Now all we need is companion volumes from all the other companies that have been publishing baseball cards since the 19th century.

Critics Dispute Merits Of 'Shakespeare' Poem

By Herbert Mitgang
New York Times Service

THE discovery of 90 lines of verse attributed to William Shakespeare was greeted with excitement by two Shakespearean scholars in the United States.

"Unless strong contradictory evidence surfaces at some point, the presumption is that the poem is by Shakespeare," said Samuel Schoenbaum, the American consultant for the Oxford University Press Shakespeare Project and the author of the recently published "Shakespeare and Others." He is Distinguished Professor of Renaissance Literature, and Director of Renaissance *and Baroque Studies*, at the University of Maryland.

[Some scholars remained skeptical, the Associated Press reported.]

In an interview on Saturday from his home in Washington, Schoenbaum said: "It's authentic until proved otherwise. Gary Taylor has made out a prima-facie case from all the evidence that it is a Shakespeare poem. It's a brilliant discovery."

Robert Giroux, author of "The Book Known as Q: A Consideration of Shakespearean Sonnets," and chairman of the editorial board of *Farrar, Straus & Giroux*, said he looked forward to reading Taylor's reasons for concluding the poem was by Shakespeare. After having four of the nine stanzas read to him, Giroux commented: "A pretty poem, but by Elizabethan standards — which were very high — not superior verse. If it is Shakespeare's, I can see why he never published it. It is youthful in content, feeling and style, especially in the overuse of rhyme. Several lines, if correctly reported, are flawed. 'Fly away, pack away,' should be either 'Fly away, hie away,' or 'Back away, pack away,' or some*thing like it. Compared to* the maturity and subtlety of his 'Phoenix and the Turtle,' this is adolescent.

"If Shakespeare did not publish his great sonnets and, in fact we owe them to the printer-spy, Thomas Thorpe, it's not surprising he kept this poem out of print."

Schoenbaum had a copy of the poem and Taylor's supporting 13-page document provided by Oxford University Press in New York.

"This is one of Shakespeare's occasion poems," he said. "It is artificial in the largest sense of the word. It is extremely ingenious in its rhyme scheme, it has seductive qualities, ironies, a mixture of moods, the rich complexities that you don't often find in this period. And it's different — who else could have written it if not Shakespeare?"

Schoenbaum said he found other evidence of authenticity in Taylor's supporting document and in the poem itself.

"Shakespeare often used rare words in his works," Schoenbaum said. "There are 15 such words in this poem. He uses the word annoy as a noun, exile as a verb, inferior as an adjective. Then there are certain words that Shakespeare often uses — 20 mishap, repenting, tresses, twine, wantonly. Taylor has gone through Shakespeare's works and found a total of 73 times that these Shakespearean words were used.

"If this poem had appeared in a printed book, it might have been suspicious," he said. "Some publishers might have wanted to gain by the use of Shakespeare's name. But this poem can't make money — there's no profit motive here. This is scholarship at its best."

[Reaction in Britain was mixed, the Associated Press reported. Professor David Palmer of Manchester University said, "I don't think it adds much to Shakespeare's reputation. It is an overt display of ingenuity but it has poor poetic quality.

["I shall be a skeptic until I have looked at the method of Taylor's analysis," he added.

[John Wilders, a Shakespeare specialist at Worcester College, Oxford, said: "It was so dreadful that at first I just read the early stanzas and then gave up."

[Taylor ran the poem through a computer to give it "every stylistic test," as well as checking the manuscript for possible forgery. "I don't think computers are foolproof," Wilders commented.

[John Carey, Merton Professor of English Literature at Oxford, said he was not convinced "because of the quality of the poem."

[The poem will be included in the "New Oxford Shakespeare," to be published next year by the Oxford University Press, co-edited by Taylor and Stanley Wells, a British expert on Shakespeare. Wells said *he backs Taylor's claim about the* poem.]

■ **Handel Works Found in Britain**

Four major choral works by the composer George Frederick Handel (1685-1789) have been found in a toy cupboard in Manchester, according to Sotheby's auction house.

Reuters reported that the manuscripts, written in 1707, were discovered by Vivienne Plummer about 30 years after her husband put them in the cupboard as a child, a spokeswoman for the London firm said.

Now recognized as *original parts* of the Anglo-German composer's "Carmelite Music," they were originally commissioned by an eminent Roman family, changed hands several times and ended up with the Plummers.

"It's rather extraordinary that they should turn up in the tricentenary year of Handel's birth," the spokeswoman said.

DOONESBURY

International Herald Tribune
Published With The New York Times and The Washington Post

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EUROMARKETS

U.S. Banks: Offshore Facilities Spread

By John M. Berry

WASHINGTON — International banking facilities, banking's version of a free trade zone, continue to proliferate in the United States and are soon expected to spread to Japan, a development that could further the internationalization of the yen.

Next month will mark the fourth anniversary of the beginning in the United States of these facilities, known as IBFs, with their total nearing 550 and their assets approaching $250 billion.

It took nearly 10 years to convince the Federal Reserve Board to allow creation of an IBF, which allows a financial institution to conduct deposit and loan business with foreign residents, including banks, without being subject to reserve requirements or interest-rate ceilings. In some cases, there are state and local tax advantages, too.

A skeptical Fed required IBFs to comply with a variety of regulations, such as a minimum two-day maturity on deposits from nonbank foreign residents, designed to make sure the new operations would not affect the conduct of monetary policy or be used to get around interest-rate ceilings and reserve requirements.

"There have been no problems at all," said Sydney J. Key, the Fed's expert on IBFs. "The board was concerned at first, but the examiners have found complete compliance with all the regulations."

For instance, the examiners found that there have been few if any deposits taken from nonbank foreign residents with maturities of less than seven days, Mr. Key said. Such deposits must, in any event, generally be in amounts of at least $100,000.

In the absence of IBFs, a substantial portion of the nearly $250 billion in loans held by them would have been booked through offshore branches, particularly in the Caribbean.

Instead, the assets of such branches declined slightly, from $149 billion in November 1981, to $141 billion in July 1985, the latest figures available. Over the same period, total assets of all other foreign branches of U.S. banks rose from $314 billion to $322 billion, exactly offsetting the Caribbean drop.

Claims at Caribbean branches on foreign residents not associated with the lending bank fell from $57 billion to $47 billion.

An official at one major New York bank said its IBF operations, which are conducted entirely out of its New York City office, now account for more than 40 percent of the bank's total loan portfolio. The bank still maintains a branch in the Bahamas, he added, but the amount of business booked there is "quite small."

Initially, growth of IBFs was explosive. They had $57 billion worth of assets at the end of their first month's operations in December 1981, with most of that total representing eligible assets shifted from foreign branches of U.S. banks, particularly in the Caribbean.

During 1982, the total rose to $153 billion but growth began to taper off. Total assets rose to $192 billion at the end of 1983 and $228 billion at the end of last year. On Oct. 31, IBFs had $241 billion in assets, down from $248 billion at the end of September, an unusual dip.

Last March, a special committee created to advise the Japanese minister of finance on ways to increase the use of the yen as an international currency, a goal strongly being urged by the United States, recommended that Japanese banks be allowed to set up IBFs in Tokyo.

The recommendation came after the committee had closely studied the American experience. Again, a particular concern was that creation of the facilities not disrupt the conduct of monetary policy. A financial adviser at the Japanese Embassy in Washington said it was "quite likely" that the finance minister would approve the recommendation but he could not say when such approval might come.

Meanwhile, more than 300 of the IBFs in the United States have been set up by agencies and branches of foreign banks. These foreign-related IBFs held $146 billion of the $241 billion in assets at all IBFs at the end of last month, according to Federal Reserve figures. More than half the assets in the foreign-related IBFs were held by those associated with Japanese banks and another one-tenth or so by those associated with Italian banks. About three-fourths of all the IBF assets are held by those in New York state. There are 238 IBFs there, with 182 of them at agencies or branches of foreign banks.

However, the number of IBFs is growing rapidly elsewhere in the United States, particularly in Florida, which now has 86, and California, with 98. More than two-thirds of those in California have been set up by foreign bank branches and

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John Copes-van Hasselt

Latin American Debtors Resisting IMF Terms

By William A. Orme Jr.

MEXICO CITY — In the cavernous halls of the Mexican Congress, opposition legislators from right and left could be heard chorusing complaints about the foreign debt.

A conservative congressman, accusing the government of cutting off credit to private business, said public-sector debt repayment was "strangling" the economy. A Trotskyite representative, meanwhile, urged that interest payments be redirected toward earthquake reconstruction and said Mexico's International Monetary Fund debt agreements had "turned the national economy over to the CIA."

Members of the majority Institutional Revolutionary Party defended President Miguel de la Madrid's full-payment approach to the debt issue.

Yet just a few days earlier, some pro-government unions, the backbone of the ruling party, had joined a leftist-led demonstration demanding an immediate suspension of all foreign debt payments.

A splinter group, sensing a shift in the public mood, began painting "Viva Alan Garcia" above its party emblem, a reference to the new Peruvian president's pledge to limit debt payments to 10 percent of Peru's export earnings. This was an implicit criticism of Mexico's acceptance of a servicing burden exceeding half its hard-currency income.

"The opposition is much stronger now, even within the government," said a senior Finance Ministry official. He acknowledged that resentment over the social and economic costs of compliance with foreign debt commitments increasingly was limiting the government's maneuvering room at home and abroad.

"We have to be much more careful, more sensitive to the political climate," he said, adding, "It's not surprising that there is resistance. We have to solve this problem somehow, but it's not going to get any easier."

Throughout Latin America, opposition is growing to IMF austerity prescriptions that have been imposed on debtor nations since 1982 in exchange for debt rescheduling.

Venezuela, the first big debtor to successfully resist creditor demands for an IMF accord, is now seeking a 90-day payments moratorium to conclude a $21.2-billion rescheduling agreement. This includes an innovative "contingency clause" that would lower servicing commitments in the event of an abrupt drop in the price Venezuela gets for its oil exports.

The Brazilian finance minister, Dilson Funaro, less alarmed by the country's 220-percent inflation rate than by continuing industrial stagnation, recently unveiled a growth-oriented 1986 budget that he said would be adopted "with or without" IMF approval.

President Raúl Alfonsín of Argentina, praised by bankers for his anti-inflation campaign, which included the creation of a new Argentine currency, insisted nonetheless that only a "political solution" could resolve the region's debt woes. And in Peru, Mr. Garcia recently threatened to pull out of the IMF entirely and set up a "Latin American Monetary Fund."

Despite these displays of defiance, Latin America seems no closer to a resolution of the foreign debt problem than it was when creditors first began refusing automatic loan extensions in 1982. With the regional debt crisis now entering its fourth year in full vigor, what is called in Spanish *la deuda externa*, or external debt, is becoming known as the *deuda eterna*, the eternal debt.

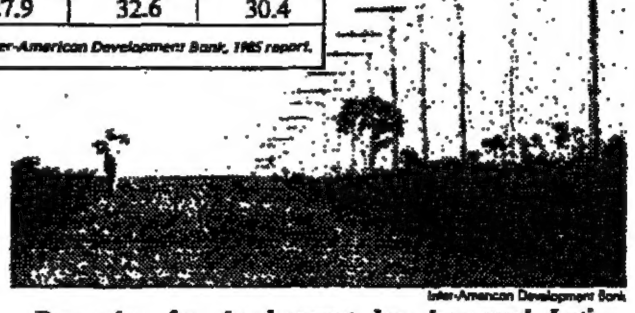
Latin America's foreign debt now totals at least $360 billion and could swell to $450 billion by

(Continued on Next Page)

Debt Service as a Percentage of Exports
(includes interest and amortization)

	1982	1983	1984*
Argentina	107.7	127.0	116.8
Brazil	86.0	61.0	45.2
Chile	63.6	59.0	58.3
Mexico	71.4	80.6	54.4
Peru	57.0	68.0	89.0
Venezuela	27.9	32.6	30.4

** Estimates* — *Source: Inter-American Development Bank, 1985 report.*



Inter-American Development Bank

Borrowing for development has increased Latin America's debt load. Above, Honduran farmers clear ground for planting. Below, a road lined with new electricity poles in Brazil's Minas Gerais state.

International Capital Markets Have Record Business Year

By Carl Gewirtz

PARIS — Champagne, confetti and year-end bonuses should flow freely this year at the banks active in the international capital market. Whatever measure is used, it is already certain that 1985 will see a record-shattering volume of business.

In the Eurobond market, new-issue activity appears headed for a 64-percent increase — an estimated $134 billion, based on the volume registered during the first 10 months of the year. The volume of foreign bonds issued in domestic markets was a more modest 3 percent. With the traditional distinctions separating these markets rapidly blurring, most analysts now prefer to talk about the international capital market, covering both segments. And by that measure, according to data compiled by the Organization for Economic Cooperation and Development, business is up 50 percent from a year ago and running at an annual rate of $166 billion.

The big fees all this business has generated for underwriters is cause for jubilation at the merchant- and investment-banking arms of the commercial banks active in the market. But monetary officials privately question whether the single-minded drive for increased fees is not leading banks to mortgage future earnings for higher current income. As a result of the Third World debt crisis, commercial banks have moved away from their traditional business of transforming short-term deposits into medium-term loans and are now in the business of transforming their financial muscle into earning fees. These boost income without necessarily increasing assets (loans are assets), enabling banks to comply with the demands of regulators to augment the capital base and raise the ratio of capital to assets.

At first glance, it would seem that the record volume of activity in the international capital markets is exactly what the banks need to help them adjust to the impact of the debt crisis. But a closer look at this year's borrowing binge raises some disturbing questions. What is behind it? And are the banks replacing one set of problems (rescheduled loans to developing countries) with a new set of equally dangerous risks?

What triggers the worries is the fact that this year's volume of capital-market business bears little relation to the real world. Business investment, international trade and economic growth are not advancing at such rates to explain the rush to capital markets. Nor is inflation artificially swelling the numbers. Rather, the figures indicate that borrowers are seeking to refinance existing debt — bond issues as well as bank loans — at the significantly lower cost now available.

Of course, some of this cost reduction represents the absolute decline in interest rates from the record-high levels prevailing a few years ago. But an untold part of the reduction stems from the intense competition among banks to earn fees. This has added to the liquidity of the bond market (and downward cost pressures) as the banks themselves are now much bigger takers of paper than they were, reflecting their current preference for assets that are, at least theoretically, instantly saleable — securities — rather than, as in the past, medium-

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Funds Raised on International Markets by Type of Instrument
(in million U.S. Dollars)

	1984	1985 Q1	1985 Q2	1985 Q3
International Bonds	81,717.2	30,822.2	37,724.7	29,894.4
Foreign Bonds	27,800.5	6,302.1	7,068.8	8,035.9
Special Placements of Bonds (*)	2,000.0	—	1,000.0	300.0
Total issues of Bonds	111,517.7	37,124.3	45,793.5	38,230.3
International Bank Loans	53,218.8	11,078.4	13,242.8	17,898.6
Foreign Bank Loans	8,760.8	1,908.8	1,355.6	1,601.4
Other International Facilities	55,276.4	5,401.3	14,556.8	11,135.9
Total Loans	117,256.0	18,388.5	29,155.2	30,635.9
Total Funds Raised	228,773.7	55,512.8	74,948.7	68,866.2

(*) Issues by development institutions placed directly with governments or central banks and, as from October 1984, issues specifically targeted to foreigners.

Source: OECD.

Swap Deals Begin to Mature With Liquid Secondary Market

By Philip Coggan

LONDON — The interest rate swap was once an exclusive product, tailor-made for the sophisticated borrower. Now, swaps are a $150-billion-a-year industry, with a traders' club, the International Swap Dealers' Association, a liquid secondary market and worldwide activity.

Experts estimate that around 80 percent of Eurobond issues are linked to a swap. "It's a mature market," said Francis Peckham, associate director of First Interstate Capital Markets. "There are now a significant number of banks involved."

The majority of the banks in the market are American. It is estimated that of the 15 major houses that did more than $3 billion of swaps business in 1984, only one, Banque Paribas, was not from the United States. The five leading firms, in volume terms, were Citicorp, Salomon Brothers, First Boston, Morgan Guaranty and Bankers Trust.

The basic concept of the interest rate swap is simple. Two borrowers raise money separately and then agree to make each other's interest payments. But swap-market players have gradually expanded and complicated this simple idea. Swaps can now be engineered involving several currencies and among up to half a dozen counterparties, with the bank in the middle the only party fully aware of all the details.

Some banks act as swap principals, taking the deal onto their books and managing their net swaps position rather than each individual deal. Others act purely as brokers, bringing together swap counterparties. A third group follows a compromise strategy. They act as principals and then "warehouse" the swap by hedging it in the bond or futures markets until they can find a matching counterparty.

In the early stages of the market, swaps were linked to primary debt issues. Now, swaps are also used to transform *existing* debt. Borrowers can use the swap market to restructure their debt portfolios by switching from fixed funding to floating rate funding or from, say, dollar debt to sterling, depending on their view of future interest rate movements. If their view changes, they can reverse the swap and end up where they started.

Assets, as well as liabilities, can be swapped. "One popular strategy," explained Deirdre Duffy of Morgan Stanley, "is for investors to purchase cheap fixed-rate bonds and enter into a swap so that they make fixed-rate payments and receive a floating rate. The return from the bonds is greater than the level of fixed-rate payments under the swap. The swap has thus allowed an investor to transform a fixed-rate investment into a floating-rate asset with an above-market return."

There is a regular swaps market in the major currencies with banks ready to quote, for example, swapping five-year Deutsche mark fixed rate into U.S. dollar floating-rate set at the London interbank offered rate. But profitable opportunities can occur in the new markets. Early this year, there was a spate of Eurobond issues in the Australian and New Zealand dollar sectors, which created the opportunity for borrowers to swap into U.S. dollar debt at below Libor rates.

Swaps are off-balance-sheet transactions and banks are not at the moment obliged to take precautions against the possibility of default. However, if default does occur the bank may find itself paying interest on an unwanted loan at an above-market rate. Cross-currency swaps increase that risk by adding the potential for currency loss. As a result, banks are more careful about the counterparties with whom they will conduct a currency swap.

There are signs that regulatory authorities are concerned about the volume of off-balance-sheet transactions conducted by banks. The Bank of England has already imposed reserve requirements on banks' conducting Euronote business. "It's likely that at least one regulatory authority will impose reserve asset requirements for banks undertaking swap transactions," according to David Pritchard, of Citicorp.

One way that banks can protect themselves against default is to increase the margins charged for swapping with poorer credits. However, the margins on which the interest rate swap market operates are very thin and consequently the scope for wide credit differentiation between counterparties is limited.

"Competition means that some banks will get involved for less than a tenth of a percentage point," said First Interstate's Mr. Peckham. Such is the narrowing of margins that some banks spend little time generating what they call the "plain vanilla," or ordinary, swaps and concentrate on more complex deals where the returns are greater.

What is arguably the first case of swap default has come to court. Early this year, the Beverly Hills Savings and Loan Institution folded. Renault Acceptance was a counterparty in a swap deal involving the institution. On hearing of Beverly Hills' problems,

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A Healthier Portugal to Revert To Orthodox Markets for Funds

By Ken Pottinger

LISBON — Portugal next year will be approaching the capital markets for $1.4 billion to meet its 1986 gross borrowing requirements, but for the first time in several years the Republic of Portugal will largely ignore the Euromarket for sovereign funds.

However, public-sector companies, traditionally large borrowers in this market, will continue to be so probably right from the beginning of January.

This year total gross borrowing reached $1.8 billion while the republic raised a syndicated $400-million loan.

According to central bank economists, the radical departure from recent sovereign loan practices is the result of two major factors.

First, Portugal today is far healthier financially than at any time in the past 10 years because of a vigorous and, some claim overzealous, economic austerity program that has been applied under the tutelage of the International Monetary Fund since 1983.

(Economists point out that the austerity program was complemented by a superb three-year export performance that increased by nearly 35 percent in volume terms and helped reduce the deficit to its current, surprisingly low, levels).

Secondly, with Portugal due to enter the European Community on Jan. 1, a range of cheap European money will become available. Direct aid and European Investment Bank funds are scheduled to pour into Portugal.

As part of the accession accord, Lisbon has negotiated an agreement whereby the community will borrow capital totaling up to one billion European Currency Units in the EC's own name, passing it on at marginal rates to Portugal over the next six years. This arrangement will significantly reduce the state's interest burden.

Carlos Pacheco Jorge, of the Bank of Portugal, the central bank, said: "We are in the position of being able to revert to traditional policies and use the orthodox capital markets for our borrowing needs."

This means that basically the Republic of Portugal will be raising bonds, issuing notes and employing similar instruments to get capital in the domestic markets of countries such as West Germany and Japan.

Portugal's foreign reserves are at their highest level in a decade, all its 650 tons of gold are unencumbered and its current-account deficit at the end of this year is likely to be below $150 million, down from a $3.2-billion high at the end of 1982.

On the bleaker side has been two years of negative economic growth, a major fall last year of around 10 percent in real wages, rising unemployment and dampened domestic demand in a stagnant economy.

In view of these figures, the central bank governor, Vitor Constâncio, has said that a moderate reflation program, aiming at between

Portugal is far sounder financially than at any time in the past 10 years because of the austerity program.

3-percent and 3.5-percent growth in gross domestic product, is feasible, bringing with it a 1986 current-account deficit of around $600 million.

With the big battle to stanch the wounding external debt levels won, tactics have now switched to dealing with persistently high domestic inflation, which averaged 29 percent in 1984, and the accompanying equally high interest rates, hovering at 34 percent.

Foreign bankers have unanimously praised the financial turnaround made by Portugal, saying that as a result Lisbon can expect to obtain loans with greater ease and at better spreads in a competitive environment.

A banker with many years of experience in lending to Portugal said: "There has been a perceptual improvement of Portugal's image as a borrower over the past two years, which means she can arrange loans at terms and prices that are very favorable."

He said that previous difficulties faced by the central bank in repaying a hump of loan amortizations in 1984 and 1985 have been resolved. This means that Portugal would need to borrow less to meet its normal amortization program. "The country in 1986 will have a more comfortable maturity profile," he said, referring to foreign loan levels.

Bankers have not been caught unawares over the planned borrowing strategy for next year.

"Because of the improved financial situation and the inflow of EC money, we had expected Euromarket borrowings to be sparse in 1986," said one banker. He felt, however, that there would still be good business available in refinancing the foreign debt, which totaled $14.9 billion at the end of 1984.

The incoming Social Democratic prime minister, Aníbal Cavaco Silva, 46, a British-trained economics professor, is committed to repeating the kind of minor economic miracle he wrought when he was finance minister in 1979-80.

But experts warn that conditions are no longer the same and that he will have to stick very closely to a carefully controlled classic economic reflation program if he wants to avoid a repetition of the 1982 debt problems.

Mr. Cavaco Silva has appointed a strong economics team in a small technocratic cabinet.

He appears set to work closely with his financial advisers to bring about an economic transformation through the use of the budget, the national plan and EC development funds.

In the process he will leave the political orientation of the minority government in the hands of a senior party colleague and home affairs minister, Eurico de Melo, a kind of collegiate leadership that could produce surprising results.

Mr. Cavaco Silva has pledged measures to restore business confidence, bring inflation down to around 15 percent, reduce the 11-percent unemployment rate, introduce an equitable tax system attractive to investors and revise the finances of the overextended and erratically managed public sector.

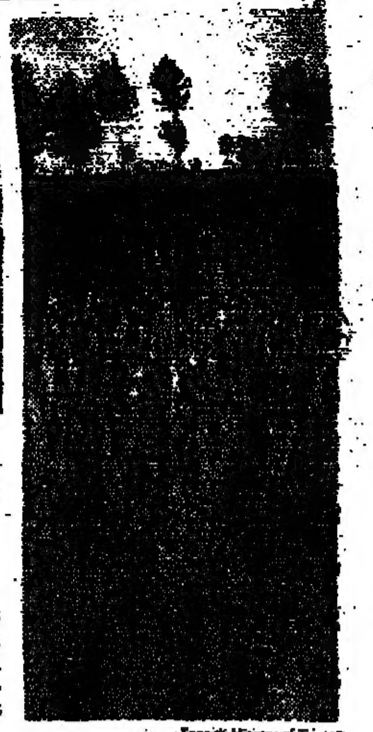
Many economists believe he will start by stimulating the construction industry with a significant public-works program, which will give priority to major freeway construction, schools and housing.

For his part, the new finance minister, Miguel Cadilhe, has said that he believes in "a financial dictatorship within a democratic state."

He intends to reduce the budget deficit to zero over the next four years. He said that the country's unhappy 10-year record of stop-and-go economic development must be replaced by fundamental medium-term investment for development and structural changes to meet the demands of EC membership.

AP

Spanish Ministry of Tourism



Spanish Ministry of Tourism

Carlos Solchaga, Spain's economy and finance minister, left. Agricultural exports played an important role in delaying Spain's entry into the European Community. Above, olive groves near Jaen; at right, rice fields near Tarragona.

Spain Enters Ranks of Sought-After Borrowers

By Tom Burns

MADRID — At the beginning of this year the feeling among monetary and economic officials in Madrid was that Spain had turned a financial corner. Nearly a year later the hunch has strengthened. Spain, for the second consecutive year, finds itself in the enviable position of being a sought-after borrower — a situation that allows it to use its market strength to pay back debts and negotiate new ones on better terms.

The corner appeared to be rounded at the end of 1984 when Spain registered a current-account surplus for the first time since 1979. The surplus stood at $2 billion, in stark contrast to a $2.5-billion deficit the year before.

The turnaround was attributed to a boom in exports, which increased by 20 percent in real terms, and to record tourism receipts that were $1 billion up on those of the previous year. A parallel surge in foreign investment lifted international reserves by $4.6 billion to put them at $15.7 billion at year's end.

Exports and tourism receipts after a sluggish start this year climbed briskly after the first quarter, and officials say that Spain is on target to repeat a current-account surplus of about $2 billion.

The reserves total at the beginning of the year prompted authorities at the Finance Ministry to point out that the $15.7-billion total was equivalent to just over half the external debt, which stood at $29.5 billion in December 1984 and the 50-percent ratio this signified was the highest within the Organization for Economic Cooperation and Development. This ratio looks likely to continue and could be improved.

The greatest cause for rejoicing at the end of last December was that year-to-year inflation had been brought down to 9 percent. This was the first time that Spain had recorded single-digit inflation since the mid-1970s, and the 1984 figure compared more than favorably with the 14.4-percent inflation rate in 1982 when the present Socialist government took power.

Continued orthodoxy on the economic front — the government has endured labor unions' criticism that its program is "Thatcherite" — has meant that inflation is likely to be further reduced this year.

Inflation hastened its pace in the first five months of this year, rising to 10.2 percent over the previous 12 months in April, but by the third quarter it appeared well under control and the government forecast of a 7-percent rise in the consumer price index over 1985 appears to be on target.

The statistics on the reserves, on the current-account balance and on the price index have turned encouraging just at the right time, when Spain most needed an economic shot in the arm. This is so for two reasons: Next year Spain will become a full member of the European Community and, again next year, national elections are due as the four-year mandate of Felipe González's Socialist government expires in October.

EC membership will severely test the Spanish economy. It is estimated that the tariff disarmament and the acceptance of the common external tariff over the seven-year transition period will effectively cut the present protection enjoyed by Spanish industrial produce by half.

The Spanish economy has grown in the last 25 years in a hothouse of protectionism and it is to be suddenly exposed to the chilly economic winds of northern Europe. In addition, the introduction of value-added tax on Jan. 1 will prompt an inflationary effect of between 1 to 2 percentage points according to government officials, and 3 to 4 percentage points, according to independent economists.

While it was crucial for the government to have Spain as finely tuned economically as possible on the eve of EC membership, it was also important to be able to claim a degree of success for its continued austerity programs as national elections loomed less than 12 months away.

The economic performance this year gave the government the necessary confidence to stick by its policies and to reject tempting calls for a "cheerful" and "electoral" budget. In the event, the 1986 budget, masterminded by Carlos Solchaga, who took over as economy, finance and trade minister from Miguel Boyer in July, is more of the same medicine.

Mr. Solchaga, who characterized his budget as "tremendously austere," has cut back sharply on public spending, has programmed public-sector wage rises to remain one point below the inflation forecast and is aiming to reduce the budget deficit by half a percentage point as a proportion of the gross domestic product, bringing it down to 4.5 percent.

To avoid triggering inflation in what will already, because of the value-added tax, be a difficult year, the central bank is likely to turn, at least in part, to increasing the treasury bills in circulation.

Latin American Debtors Resist IMF Terms

(Continued From Previous Page)
the end of the decade, according to estimates by the United Nations Economic Commission for Latin America and the Caribbean. Interest payments take up nearly a third of the region's export earnings. Economists and political leaders fear that the huge foreign debt is being woven into Latin America's economic fabric, creating a pattern of financial dependence and net capital outflow that could prove politically as well as economically destabilizing for the entire region.

"We think the industrialized countries are gradually coming to realize that the debt issue is not just an economic problem, but a political problem, and it must be handled politically," a senior Ecuadoran official said. "Until now, it has been treated as simply a financial matter, and that approach obviously isn't working."

Bankers see as especially worrisome the growing resistance in Mexico to the government's commitment to full and prompt debt payment. Considered until recently as a model debtor, Mexico consistently has opposed regional calls for a payments suspension and looked askance on interest caps and other proposed service-constraining mechanisms.

But Mexico is gradually shifting its stance. Since the Sept. 19 earthquake demolished $4 billion worth of schools, hospitals, housing, offices and public services, even conservative businessmen have echoed leftist demands for better repayment terms. Privately, following the lead of the Venezuelans and the Peruvians, Mexican finance officials have discussed limiting debt servicing to a more tolerable fraction of export earnings.

Before the earthquake, Mexico was already hardening its position. On Aug. 29, in New York, Finance Minister Jesús Silva-Herzog gave a clear warning to Mexico's creditors as he signed what was said to be the largest single loan agreement in commercial banking history, a 14-year rescheduling of half of Mexico's $96-billion debt.

The accord was hailed by prominent bankers as a blueprint for the resolution of the debt crisis.

A SPECIAL REPORT ON EUROMARKETS

Luxembourg Bucks World Debt Crisis

By Edward Roby

LUXEMBOURG — When the international debt crisis caught up with the free-wheeling Eurocredit market almost four years ago, Luxembourg's future as an offshore financial center suddenly looked clouded.

Traditional syndicated lending, which had been a mainstay of the financial center's rapid growth in the 1970s — the period of massive recycling of petrodollars — received a numbing shock from which it has not yet recovered.

Problem borrowers were kept away from the lending windows, leaving the banks to scramble for the business of the remaining first-class addresses that could afford to be selective. The resulting margin squeeze was compounded by stiffening competition, not only from London and the international banking facilities in the United States but also from the new Asian dollar banking centers.

Aroused regulatory authorities, meanwhile, began cracking down on some of the liberal lending ways of the past. Even in tolerant Luxembourg, the *Institut Monétaire* Luxembourgeois was brought into being with oversight powers that made it look suspiciously like the beginning of a Luxembourg central bank.

Not surprisingly, banking business volume in Luxembourg has spent the first half of this decade in what is politely called a consolidation phase. The combined foreign assets of the center's banks have simply stagnated around $84 billion the past two years, down from a peak of $89 billion in the pivotal year of 1982.

But consortial lending activity and bank balance sheets tell only part of the story. In many other ways, the Luxembourg banking community has been coping quite successfully with the continuing, profound shift in the structure of the vast $2.2-trillion Euromarket.

Luxembourg is still clinging to its place behind London and Paris as Europe's No. 3 financial center, with a Eurocurrency market share of just under 10 percent. And it remains the premier center for Euro-DM transactions.

The number of foreign banks represented in the Grand Duchy at mid-1985 reached a record 118, a clear sign that there is still plenty of money to be made.

"We have reached cruising altitude where we are both comfortable and highly profitable," one Luxembourg banker remarked in answer to all the talk about stagnation and decline.

The robust bottom line is, in fact, the perfect squelch for some of Luxembourg's rivals and detractors. Astonishingly, the financial center recorded its two most profitable years in 1983 and 1984, despite the turmoil in the Euromarket.

Combined bank earnings before taxes and reserve allocations rose to 68.7 billion Luxembourg francs ($1.3 billion) in 1983 from 57.3 billion francs in 1982 and slipped only slightly last year to 67.5 billion francs. Average yield on assets retrenched to a still respectable 0.98 percent last year after the 1983 high of 1.1 percent.

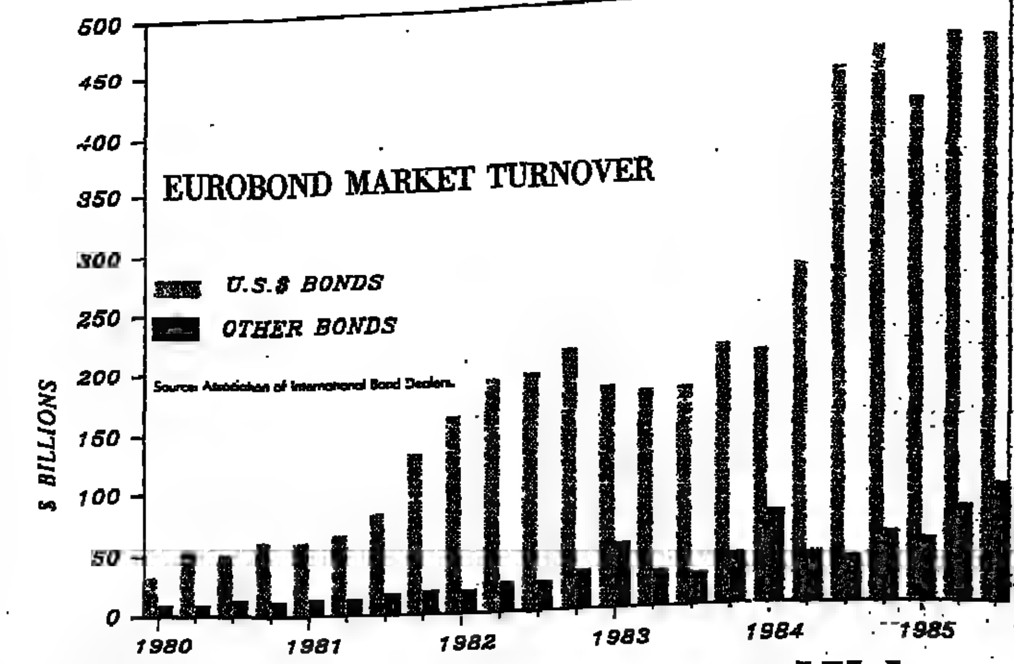
Just how this feat was accomplished remains something of a Swiss-like banking secret. But Klaus Zapf, managing director of Compagnie Luxembourgeoise de la Dresdner Bank AG, which even managed to top its good 1983 results last year, said the key was finding cheaper refinancing sources and new ways to make money.

Very little of the profits earned by the German banking group in Luxembourg, however, is being repatriated to the parent banks in West Germany. The bulk of it is being plowed back into untaxed risk reserves these days and probably for the foreseeable future.

Confronted by high risks and pinched spreads in Eurolending, the Luxembourg banks made an intense effort to diversify their business and tailor their services to the needs of client firms and private customers. The aim, said Werner Blessing, who sits on the board of both the Deutsche Bank and its market-leading Luxembourg unit, was "to eliminate cheap credit and shift to businesses that do not tie up capital."

Takeover loans to the U.S. oil corporations helped boost the volume of Eurocredit last year to $112 *billion from $74 billion in* 1983, but standard, internationally syndicated Euroloans were down again. Only about $30 billion appeared to be new lending while most borrowers were taking advantage of favorable market conditions to restructure existing debt.

The important Eurobond market, however, continued its expansion. Total issue volume climbed to $107 billion from $76 billion in 1983. Around $60 billion involved new Eurobonds, up 63 percent from $49 billion in 1983.



Global Capital Markets Post Record Volume

(Continued From Page 9)

term loans that were on their books until repaid.

At the same time, it has sparked a contest in financial engineering where swaps — interest rates, currency rates, or both — are used to effect a lower cost of borrowing than could otherwise be achieved.

Salomon Brothers, for example, estimates that some $20 billion of this year's business will be related to currency swaps. Interest rate swaps account for at least as much, but most likely more.

The rush for cheaper financing is shown in the latest data published by the OECD. Early redemptions of bond issues so far this year totals $13.2 billion, about a seventeenfold increase from the $800 million of last year.

Substantial prepayments of bank loans — not easily measured — have also been financed in the bond market. Meanwhile, renegotiation and refinancing of bank loans identified as such — no doubt, there are more that escape public view — total about $33 billion, almost double last year's figure and a thirtythreefold increase from 1983.

All this coincides with a burst of activity in the capital markets for floating rate notes. FRNs have all the characteristics of a syndicated bank loan — a fixed margin of interest over the London interbank rate — but are listed securities and, therefore, tradeable.

FRNs now account for the bulk of the business in the Eurodollar sector of the Eurobond market — about 52 percent so far this year, compared with 47.5 percent last year and only 29 percent in 1982. Smaller markets for FRNs denominated in sterling, European currency units and, more recently, Deutsche marks put the FRN share of the total international capital market at 24 percent, a threefold increase from 1982 and up 22 percent from last year.

Most analysts attribute this boom to the debt crisis.

Treasurers who had been big buyers of bank-issued FRNs became worried about the fragility of the banking system and more responsive to paper issued by nonbanks. This contributed to opening this market, which had been almost exclusively the preserve of banks, to sovereign and high-grade corporate borrowers. Since the debt crisis began, nonbank issuers have accounted for more than 40 percent of the FRN market.

Meanwhile, banks themselves, preferring to hold securities rather than loans, increased their participation as buyers as well as issuers of FRNs. All banks were under pressure to increase their capital base, producing a steady increase in bank-issued debt — subordinated securities or perpetual notes that resembled preferred stock. And with the loan market stagnating, the banks were flush with cash that they were ready to place in the FRN market. In many cases, banks were buying bank-issued FRNs simply to replace less remunerative private credit lines that had previously existed between institutions.

With the inflow of liquidity came a compression of costs. The once-standard FRN margin of ¼-point (25 basis points) over the interbank offered rate was cut in half and then half again. The base rate shifted from the offered rate to the bid rate, an immediate saving of ⅛ point that normally separates the bid-offered quotes and a potential saving of unmeasured importance.

In the past, financial accidents or scares have produced dramatic temporary widenings between the bid and offered rate. By issuing debt based on the bid rate, borrowers now see the possibility of insulating themselves against getting caught by such a widening in the differential. And thus, the best-rated sovereign and state-owned entities rushed to replace bank loans tied to the offered rate to less expensive and bid-rate based FRNs.

Of late, even cheaper finance is available through the sale of Euronotes or commercial paper.

While arranging and underwriting all of this business has meant big fees for the banks, the picture is not all that rosy. Another way of looking at it is that the commercial banks have lost their highest quality credit business to the capital markets. The banks can continue to hold claims on these top borrowers in the form of capital-market securities, but for much less profit than they had previously earned on direct loans.

Equally worrisome is the prospect that the banks now are motivated to blow up the volume of their activity — to boost current fee income. Will that push them to do business that increases long-term risk (writing swaps) or decrease long-term profitability (underwriting low-cost Euronotes)?

In other words, are the banks becoming addicted to volume, where the need to earn fees drives them to do business that runs counter to their own long-term profitability?

Gulf Deficits Limit OBU Recycling Role

By Anne Fyfe

DUBAI — When the offshore banking experiment was inaugurated in Bahrain 10 years ago, Manama's niche in the world markets was envisaged as a conduit through which the surplus petrodollars of the Arab peninsula — the post-1981 oil glut was not in sight — would reach regional and international borrowers.

Bahrain would plug a gap in the time zones between the West and the Far East, and if the OBUs incidentally woke up the cozy world of Gulf commercial banking, that would be an added bonus, the argument ran. Implicit in the argument was the assumption that the neighboring monetary authorities, meaning the Saudi Arabian Monetary Agency principally, would not actively discourage the units' recycling role.

The time-zone argument was overtaken by changes in working practices; the Gulf states' official surplus-managing bodies did not change their behavior in favor of Bahrain. In any case, the budgetary surpluses are now deficits and all the major authorities have acted to keep their liquidity out of Bahrain. But only three OBUs have pulled out, out of the peak number of 78, and the rest, though slimmer in size, increased their lending by 15 percent last year.

SAMA's concerns have been to allow Saudi Arabia's own banks to grow in sophistication without unequal competition from the offshore units and to prevent its riyals from being traded beyond the monetary agency's control.

In 1979, the kingdom ceased pricing contracts in riyals and changed to dollars. This was done to reduce the demand for forward riyals, which Bahrain had hastened to meet; then in January 1983 came the key Saudi policy decision that the kingdom's banks were not to invite nonresident banks to participate in riyal syndications without prior permission from SAMA. More than once since then, in its relatively frequent currency adjustments, SAMA has moved the riyal in the opposite direction to that on which Bahrain was speculating.

Both of the other erstwhile big-surplus sheikhdoms, Kuwait and the United Arab Emirates, have had compelling domestic reasons to keep liquidity at home. Originally in Kuwait's case this was to encourage its dinar bond market, and then, in both cases, it was for the sake of their crisis-ridden domestic banks. These reasons are not about to disappear.

Nonetheless, nearly 70 percent of the offshore units' funds are now of what the Bahrain Monetary Authority classifies as regional origin, a proportion that has grown from about 50 percent in the earlier years. The dollar accounts for more than 70 percent of all assets and liabilities, but of the 22 percent of liabilities that are in regional currencies, about two-thirds are thought to be offshore riyals.

Less than a quarter of their deposits ($14.9 billion out of $62.7 billion at the end of 1984 and $12.6 billion out of $57.2 billion in June 1985) are from nonbank sources. This high-cost, short-term nature of their funding continues to be one of the OBUs' main problems.

Assets peaked at $63.5 billion in the first quarter of 1984 but at the end of 1984 failed for the first time to show a year-on-year rise, stagnating at $62.69 billion. This compared with $62.74 billion at the end of 1983. The end first-half 1985 figure was down to $57.2 billion.

Just under half of all assets are held in the region — a proportion that has declined in the 1980s — and just over half are held by the Arab banks, a proportion that is increasing at the expense of the European banks. Lending to nonbanks grew by 15 percent in 1984 to reach $18.4 billion — which the Bahrain Monetary Agency sees as encouraging — but declined again in the first half of this year to $16.9 billion.

Conducting the regional surpluses to borrowers translated into two main lines of activity, syndicated credits and servicing contractors working in Saudi Arabia. The slump in the volume of world syndications, the cash-flow problems and rescheduling now afflicting some large Saudi clients and the planned cutback in the size of the construction sector in the kingdom's fourth five-year plan (1985-90) have all been serious for the OBUs.

Arab Banking Corporation and Gulf International Bank, the two big-capital Arab offshore units that were created at the beginning of the experiment, said at the time that syndications just happened to be a convenient source of fee income for their early days, rather than a permanent specialization.

For others, a cocktail of trade financing (now in the doldrums with imports declining), money-market dealing and services to clients from the home country working the region has turned out to be the daily content of the Bahrain operation. For most, the combination of high-cost money, high local overheads and fine spreads in a market that is shrinking generally and in which the demand for Saudi riyals is unsteady, has led in 1984 and 1985 to a profound identity crisis. The growth of London as an alternative center for riyal trading has not helped.

The three OBUs that have pulled out were in some sense not typical. One was Continental Illinois, the others Security Pacific and Banco Comercio e Industria de São Paulo. More indicative has been the closure of two dealing rooms — Barclay's and Midland's. Cost-cutting and, in particular, staff reductions have become general.

For the future, assets in the Far East is the current vogue, together with fee-generating services and other individual paths, including personal portfolio management marketing, acquisitions in the case of Arab Banking and a complete turnabout in that of United Gulf Bank, which is switching to investment services — none of which constitute a niche in the world markets, which is Bahrain's exclusive preserve.

One of the reasons for the unattractiveness of regional risk is the very fundamental, determining issue of the legal framework. When the client-bank relationship was a happy one back in the boom days, the issue that really defines whether the Gulf has a place in the world banking scene was veiled from sight.

Banking is a secular activity and the Gulf is not a secular society. Local courts are increasingly uncomfortable about enforcing non-Islamic law against Moslems in favor of banks; where they do, enforcing their judgments is not automatically feasible in real political terms. Neither Bahrain nor its neighbors seems close to resolving that contradiction.

The clearance room at the Bank of Kuwait and the Middle East.

Swap Deals Are Maturing Worldwide

(Continued From Page 9)

Renault declared the swap was in default and demanded release of the collateral (in the form of a $2-million Treasury note) that the institution had deposited with the Bank of America.

Beverly Hills has since been reconstituted by the Federal Home Loan Bank Board and is arguing, along with Bank of America, that since Renault has suffered no loss, it does not have the right to terminate the swap and, therefore, has no claim on the collateral. A California court granted Beverly Hills an injunction preventing Bank of America from releasing the collateral to Renault, but the case has yet to be settled.

Swap-market players hope that a clear ruling in the case will give a further boost to the development of the secondary market. Both the newly formed International Swap Dealers Association and the British Bankers Association have issued guidelines to help standardize documentation and thus increase market liquidity. But secondary market growth will also need agreement on provisions for bad credits — at the moment, few banks agree about the subject of collateral. Some differ over the required amount.

"One or two Japanese banks expect 125 percent of the value of the swap, revalued every week," explained one swap trader "but we want only 10 to 20 percent." Others think that the question of collateral is only slowing the development of the market since top-rated corporations will not agree to provide it. In any event, the Beverly Hills case raises the question of how much security collateral provides.

The coming year will undoubtedly see swap-market growth as corporate treasurers become more aware of the liability management possibilities that swaps can bring.

However, the narrowness of swap margins and the lingering problem of default create the real possibility that some of those banks that are now rushing into the market may regret it.

But despite the unanswered questions, swap traders are confident about the future.

As one leading swap trader put it: "There's no way this market is going to die."

U.S. Banks: Offshore Facilities Widen

(Continued From Page 9)

agencies, while in Florida they comprise only about one-third of the total.

The IBFs tied to U.S. banks tend to raise a substantial portion of their funding from American as opposed to foreign sources. Those associated with foreign bank branches and agencies, on the other hand, tend to match much more closely their claims on non-U.S. residents with liabilities owed to the same group.

The rapid growth of the facilities in Florida has puzzled some observers because the total volume of loans booked there is minuscule compared with New York and California. According to a New York bank official, some Florida institutions may be using the facilities as evidence that they are, as they claim, international in their operations, even if that claim is hardly justified. Creation of an IBF requires little more than sending a letter to the Federal Reserve promising to obey all the regulations.

The existence of an IBF can provide substantial tax advantages for a bank at the state and local level. A number of states have adopted special tax legislation that generally excludes IBF operations when calculating how much of a bank's business is done within the state and therefore subject to state and local taxation.

Before 1981, banks sought to accomplish the same goal by setting up shell branches in the Caribbean, but some states had begun to try to tax profits from such branches.

In 1978, New York became the first state to pass IBF legislation, which it modified this year to make IBF operations there still more attractive. The general argument used by proponents of the laws was that it would encourage banks to conduct operations in New York.

There are no federal tax advantages for U.S. banks having an IBF, since the institutions that have them generally must consolidate their worldwide income for federal tax purposes.

Financial Crises Heighten Trade Lending Risks

By David Tinnin

ZURICH — The financial crises that now grip most less developed countries are making the field of trade finance more risky and difficult than ever. The situation is painfully ironic since the debtor nations need to export in order to earn foreign currencies so that they can meet their debt-servicing obligations and thus qualify for new credits.

However, their lack of foreign reserves handicap their ability either to finance their own exports or to guarantee payment of urgently needed essential imports such as spare parts, sophisticated medicines and advanced machinery.

One result of this capital shortage is a worrisome slowdown in world trade. After recovering from the worst and longest slump since World War II, world trade surged ahead at an average global growth rate of 9 percent in 1984 with the less developed countries actually outperforming the industrially developed nations. But so far this year, the rate of trade growth has declined drastically to only 3 percent or less and appears headed toward a new period of stagnation.

This development worries economists at the General Agreement on Tariffs and Trade (GATT), the Geneva-based international organization that monitors world trade. While not discounting the effects of protectionism on the stifling of world trade, GATT economists say a main cause is the great reduction in the flow of financial resources to the indebted countries. This slowdown has produced dislocations in the once-smooth working of trade finance procedures. One result is that the imports and exports of the 16 most heavily indebted countries declined substantially last year.

Through a system of performance bonds and bank guarantees, the rules of trade finance are meant to ensure that the buyers receive what they ordered for and the sellers get their bills settled on time. If something goes wrong somewhere along the line, such as a question of quality or late payment, corrective devices are built into the system.

For instance, the most favored form of transaction for exporters is the so-called confirmed irrevocable documentary credit. Under this system, if the purchaser fails to make payment in accord with the agreed-upon terms, the guarantor bank must pay the supplier.

This system breaks down when convertible funds suddenly become lacking. At present, a number of national banks in the Middle East and Africa are pleading that they no longer possess the foreign currency with which to meet the obligations on export transactions that they have underwritten.

In order to stay in business, many companies in the industrialized world are compelled to export a large part of their output since their domestic market has long since become saturated. Hence, they and their banks are willing to make and finance sales to high-risk customers that only a few years ago would have been turned away. The catch is that these buyers usually lack the foreign exchange to pay for the purchase. Therefore, the sellers must enlist their banks to lend the money with which the purchasers can buy their goods.

For their part, the sellers often are buying capital goods from the industrialized countries in order to develop their own capacity to sell exports on the world market and thus earn foreign exchange.

A SPECIAL REPORT ON EUROMARKETS

China Increasing Activities on World Markets

By Patrick Smith

HONG KONG — As its modernization plans proceed, and as global interest rates decline, China is substantially increasing its activity in the world's major capital markets.

So far this year, Chinese institutions have issued $818 million in medium-term debt instruments — seven fixed-rate bonds and a floating-rate certificate of deposit. Together these are worth more than four times the value of similar issues by China in the previous three years combined.

These securities amount to a tiny fraction of this year's new issues in the Eurobond market. But financial analysts here view them as an indication of China's growing familiarity with world markets and its increased desire to tap them.

"The Chinese have been dabbling in the capital markets for several years," said a banker with close ties to the mainland. "Now they recognize that there is a huge pool of money available for the mega-financings they will require to develop their economy."

As it has in the past, China is expected to continue stressing multilateral loans and government-to-government credits as primary sources of external finance. These include World Bank loans and export-import facilities tied to specific purchases of capital equipment from abroad.

But the drop in interest rates since their peaks in 1981 has made commercial sources of credit substantially more accessible to China.

Beyond this, China also wants its enterprises to learn how to survive in an unsubsidized environment. And it has demonstrated some reluctance to use arrangements, such as supplier credits, that have stringent conditions attached to them.

Given these considerations, bankers here view China's entry into European and Asian debt markets as a logical step.

"They seem to have analyzed the options and recognized the bond markets as the best place to go," said Oliver Greeves, managing director of Chase Manhattan Asia in Hong Kong. "It's the cheapest money and the best terms."

In July, Mr. Greeves arranged a five-year, local-currency bond worth $39 million for the China International Trust and Investment Corp. (Citic). At an interest rate of 9¾ percent, it was the cheapest fixed-rate financing ever obtained in Hong Kong dollars.

Although many bankers bridled at the pricing, Chase formed a consortium of 17 underwriters, many of whom valued the opportunity to build relationships with a Chinese institution.

China has had similar experiences in other markets. This year it has placed $474 million in four yen-denominated bonds issued in Tokyo and raised 300 million Deutsche marks ($105 million at the exchange rates then prevailing) in two issues in Frankfurt.

Citic, a cabinet-level enterprise founded in 1979 to attract foreign investment, was responsible for one yen bond and one Deutsche mark bond; the rest were issued by the Bank of China, Beijing's foreign-exchange bank.

Both institutions on-lend their funds to specific projects, generally those generating their own foreign exchange or those substituting domestic products for imports. The other priority is basic infrastructure, such as roads, harbors and energy projects.

Because much of China's investment is now concentrated on long-term development, Beijing is likely to avoid the syndicated-loan market, where funds are relatively expensive and extended for shorter terms.

Legal sources suggest that China is also avoiding the British and U.S. bond markets because of lingering disputes related to bonds issued before the Chinese revolution in 1949. Beijing, terming such issues "odious debts," has denied responsibility for them.

"The Chinese are making salami-slicing gestures to test official reactions in various markets," a British attorney here said.

Thus far there has been no government opposition to Chinese debt issues in the markets that China has selected. Nor do bankers consider the old bonds a hindrance.

In London last September, the Bank of China skirted the problem by issuing a certificate of deposit — five-year, floating rate CDs worth $200 million.

But bankers emphasize that China has so far taken a standard route through Tokyo and Europe to establish a reputation in the marketplace before submitting to stringent U.S. rating standards. In Tokyo, issues this year have had double-A and triple-A ratings.

Despite restrictions imposed this year on imports and foreign-exchange outflows, most bankers expect China to continue borrowing from commercial sources abroad, particularly in view of a dramatic drop in the nation's foreign-exchange reserves this year. And although hard-currency spending will be carefully controlled, investment authority is still being decentralized.

As an indication of this, bankers say institutions in Guangdong and Fujian provinces are likely to issue their own bonds next year. The Guangdong International Trust and Investment Corp. has already announced plans for issues in yen and Hong Kong dollars.

"It's impossible to judge how much China will borrow, but I think it will be substantial," said Mr. Greeves. "Their debt capacity is enormous, and the scarcity of Chinese paper means they can get finer terms than a borrower might normally expect."

Magnum

Construction in China's new economic zone at Shenzhen.

Downside Risks Put Brake on Australian Market

By Patricia Angly

SYDNEY — The continued slide of the Australian dollar, an overhang of available paper and concern about the lack of depth in secondary markets has put a brake on the Euroaustralian dollar market in recent weeks.

After a startling growth in late 1984 and the early part of this year (total volume of 10 issues in 1984 worth 361 million Australian dollars to 76 issues from January through September 1985 worth 3.715 billion dollars) a reduction in arbitrage spreads and a lack of institutional support have whittled away intrigue about what one Australian banker calls the "exotic currency" market in Europe.

"There is no doubt that there is a *sign of overhang of paper now and* quite a lot of Australian-denominated bond paper is directly looking for a home," said Paul Rizzo, the general manager, international, of the Melbourne-based ANZ banking group.

"I think it's because of the arbitrage that was available in the beginning with swaps and that isn't there now. Before it was a play on a combination of high interest rates and the feeling that the currency didn't have any downside risk. Now I think there are a lot of people holding paper they'd love to sell down," he said.

According to a recent article in the Australian Financial Review, the early 1985 reaction to Australian paper was based on the idea that "for European investors and analysts the Australian dollar was oversold relative to an underlying Australian inflation rate of between 5 and 6 percent."

In the months to April, the Australian dollar had fallen from .83 to .66 against the U.S. dollar. On a trade-weighted basis the depreciation was 20 percent.

This month's renewed attack on the Australian dollar, dragged down at one point to .65 against the U.S. dollar, would have done nothing to improve the marketability of Aussie paper, which is already under siege due to the more general arguments that the Australian economy may not really be on the rebound.

It is a feeling shared now by many both within Australia and in international organizations and is based in part on a growth of the M3 money supply of over 14 percent, a public-sector borrowing requirement of 7.5 percent of gross national product and a current-account deficit of 5 percent of GNP. Figures released in mid-November showing a record 1.64 billion dollars current-account deficit for the month of October did nothing to relieve immediate uncertainty, pushing interest rates to a three-year high.

Trevor Rowe, a vice president of Salomon Bros. in Sydney, said: "If one wants to come to the Euroaustralian dollar market, right now with the outlook for the dollar it's not easy. There have been two issues in the last fortnight, but the frequency of issues has dried up and the market is certainly oversold. The street is as long as they say."

What is lacking in Europe is any institutional appetite for Australian-dollar-denominated paper, and that has been a factor since the ball really got rolling at the beginning of the year.

Most of the 3.7 billion dollars' worth of various issues have apparently gone into the hands of private clients, and thus there is very little secondary-market making in the Euroaustralian dollar market. According to Donald Bryden and David Kent of the Banque Paribas Capital Markets Ltd. in London, "prices move up and down substantially if the buy or sale order is over 250,000 dollars and the bid/offer spreads are very wide. The market has been very much one way —a small movement in either direction affects most of the market."

Another important factor is that the current very high short- and medium- term Australian interest rates (the prime rate is now 18.75 percent and may soon move up to cover 30- to 180-day rates of over 17 percent) make it prohibitive for institutions to fund their investments. A little over a week ago, overnight cash rates rose to 18.25 percent and 90-day bank bills to 18.75 percent.

And the fact that issues for Australian borrowers are paid in U.S. dollars, because of Australian withholding tax legislation, has not contributed to the evolution of the market.

The market may well get another lift through innovative products. Until recently all Australian issues had been straight issues. But there has recently been one Australian-dollar shogun issue and the first Australian-dollar floating rate note. Market watchers are also predicting the development of a zero coupon Euroaustralian-dollar issue or a Euroaustralian-dollar convertible issue.

According to Mr. Rowe, of Salomon Bros., "the Eurokiwi [New Zealand dollar] market has also been 'fairly difficult' during the year; it went fairly quiet but more recently there have been some new issues offering higher rates."

Two, led by Parisbas, were each for 50 million New Zealand dollars over three years with an 18-percent coupon, well above the 16-percent prevailing for issues in August. The clients were Fiat and Paribas Luxembourg. The total kiwi-dollar figure on the Euromarket for 1984 and 1985 is nearly 2.684 billion New Zealand dollars.

The recent sluggishness of the New Zealand Euromarket may well be due in part to the watchful eye that the Reserve Bank of New Zealand keeps on offshore transactions. While there is no formal vetting, in April 1985 in conjunction with the Treasury Department, the central bank introduced an "informal notification system" with regard to borrowers entering the New Zealand dollar Euromarket. And despite the reduction of issues the Reserve Bank made it clear again in early November that it wants to continue to "monitor the notification system."

And the fact that investors now have two other currency sectors offering comparable coupons and returns (the Eurofranc and Eurolira) may well mean that the Euroaustralian market in particular has already enjoyed its heyday.

Singapore Remains Frustrated in Bid To Become Asia's Financial Center

By Dinah Lee

HONG KONG — Only three years ago it was common to hear of a race between Singapore and Hong Kong to become the dominant financial services center in Southeast Asia.

No one refers any more to such a contest partly because Hong Kong has weathered two years of uncertainty over its political future after 1997, when it reverts to Chinese sovereignty, and has emerged with a more clearly defined role as a crucial source of funds and know-how for China's modernization.

Recent moves in Tokyo to liberalize Japan's financial markets *have also added an element of un*certainty in any regional race for financial business, a worry acknowledged by Richard Hu, the chairman of the Monetary Authority of Singapore, the quasi-central banking body.

In the meantime, Singapore's general fortunes have nosedived and analysts are predicting a retraction of the economy by as much as 5 percent by the end of the year. This would be the country's worst economic performance in two decades.

The financial sector, which contributed an average of 20 percent of Singapore's gross domestic product growth over the past five years, now threatens to be the hardest-hit area of the economy. Some banks are expected to report as much as a 15-percent drop in earnings this year over last year.

A key component in Singapore's bid for dominance as a regional financial center was the Asiadollar market formed by the Singapore government in the early 1970s.

In effect, the Asiadollar market is merely an extension of the Eurodollar market operating mainly out of London, offering round-the-clock, round-the-world opportunities for interbank borrowing and lending once London closes for the day.

This market expanded rapidly in its first 10 years from $6 billion in 1972 to $103 billion at the end of 1982. Because of increased economic uncertainty in the region and the speculative nature of many of the transactions, Asiadollar activity among institutional depositors slowed down, but the Asiadollar survived a market lull through 1983 and 1984 to reach a peak of $129 billion last May.

"As the Asiadollar market got larger, its growth rate was bound to go down, and as a banking tool, it has settled down into a stable pattern," said a British merchant banker based in Singapore.

Moreover, a continuing criticism of the market has been that much of the Asiadollar business is speculative, with most transactions consisting of interbank credits.

Another development, the introduction of offshore banking units based in the United States, called International Banking Facilities, has resulted in the sharp decline in assets held by U.S. banks in offshore banking centers, including Singapore, according to an analysis of U.S. banking activity recently published by the American Express Bank in London.

Despite these setbacks, merchant bankers based in Singapore say that the Singapore authorities appear satisfied with the performance of the Asiadollar market. But in terms of Singapore's growth into a financial center, they are clearly frustrated with the development of Singapore as a fund management center, the British banker added.

Despite the political uncertainties of the last two years, Hong Kong remains the region's predominant center for fund management.

Singapore has tried to draw more investment management away from other financial centers in various ways, most markedly by offering tax concessions to some of the banks that lend or borrow through offshore banking units, or Asian Currency Units. These are not units of currency, but separate foreign-currency departments in the banks. The tax concessions also apply to interest received by depositors.

So far, only eight of the 176 licensed Asian Currency Units operating in Singapore have been accorded the tax concessions, even though the Singapore government's expressed aim is to boost fee-based income for financial institutions.

Mr. Hu, in a report last July in The Economist, said that the bulk of funds placed in Singapore for management comes from rich, private clients in the region.

"What's missing at the moment is large volumes of institutional money," he said. "The bulk of it is in New York, and even in Hong Kong they have substantially more institutional money being managed."

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Herald Tribune.

BUSINESS/FINANCE

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FUTURES AND OPTIONS

SEC Seeks to Reduce Effects of Index Plays

By JAMES STERNGOLD
New York Times Service

NEW YORK — The fun may be drawing to a close on some of the complex arbitrage plays between stock-index options and the stock market as the Securities and Exchange Commission steps up its efforts to find a means of reducing the volatility that the investments can cause in the stock market.

The arbitrages have been controversial since April 1984, when the stock market suddenly leaped 12 points in the last hour of trading one day, hurting some investors and scaring many others.

That gyration, and a spate of similar market moves last summer, were the result of investments that involve buying or selling stock-index options or futures, and taking an opposite position in a basket of the underlying stocks. The stock market can rise or fall sharply when these programs are initiated.

There are fears that the cure may be worse than the disease.

Congress, concerned that the stock market might be turning unfairly against the smaller investor, pressured the SEC to act. This resulted in a letter from Richard Chase, the commission's assistant director of market regulation, to the exchanges on Oct. 16 with suggestions for new rules. Since the commission has jurisdiction only over options, and not futures, the proposals only directly concern the index options.

Mr. Chase's letter proposed that the limit on how many index options an investor can hold be slowly reduced, or "telescoped," as expiration approached. For instance, he wrote, the limit of 15,000 contracts on the Standard & Poor's 100 option might be cut to 10,000 on the third day before expiration and to 3,000 on the expiration day. The options expire on the third Friday of each month.

ANOTHER suggestion was that the expiration dates of the different contracts might be staggered so as not to fall on the same day.

At a meeting on Nov. 14, the exchanges strongly resisted what they regarded as an arbitrary limit on legitimate market action. The Chicago Board Options Exchange insisted that, anyway, the stock market disruptions were growing smaller as more players jumped into this play.

The exchanges have proposed that an independent study by an academic be done on the subject before any changes are instituted. "What we're worried about is that the cure may be worse than the perceived disease," said Paul G. Stevens, executive vice president of the American Stock Exchange.

"We don't have any problem with a study," Mr. Chase said in a telephone interview. "But we don't want a delay."

Traders, too, have been unmoved by the arguments for telescoping. "I love volatility because I'm a trader," said Anthony C. Woodruff, an arbitrager at Kidder, Peabody & Co. "These arbitrages compress market movements into shorter spans of time, but it just makes them do what they would have done anyway. I don't really like the idea of some new limits."

Mr. Chase emphasized that the commission was moving deliberately slowly on the issue and was not even convinced yet that it must create new rules. He added that the commission would be closely watching on Dec. 20, when major index options and futures all expire at once.

It was likely, Mr. Chase said, that the SEC and the Commodity Futures Trading Commission, which regulates index futures, would institute consistent rules on the two types of contracts

(Continued on Page 17, Col. 1)

Currency Rates

Cross Rates — Nov. 25

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.8865	4.229	112.405 *	36.958 *	0.1667 *	—	5.564 *	137.50 *	143.91 y
Brussels(a)	51.80	76.0175	20.232	6.64	2.994 *	17.9655	—	24.69	25.843 *
Frankfurt	2.564	3.761	—	32.82 *	1.48 x	88.82 *	4.943 *	122.09 *	1.277 *
London (b)	1.463	—	3.753	11.4375	2,533.50	4.227	75.935	3.075	293.75
Milan	1,732.70	2,537.80	675.34	221.72	—	600.87	33.387	824.85	8.429
New York(c)	—	0.6824 w	2.5633	7.880	1,731.31	2.884	51.85	2.10	200.65
Paris	7.814	11.446	3.0472	—	4.5115 x	2.7061	15.063 *	3.7205	3.8948 *
Tokyo	200.35	293.51	78.09	25.63	11.59 *	69.36	386.03 *	95.56	—
Zurich	2.1013	3.0658	81.85 *	26.855 *	0.1211 *	72.71 *	4.0444 *	—	1.0444 *
1 ECU	0.8614	0.5987	2.2107	6.7363	1,492.54	2.4892	44.7265	1.8016	173.006
1 SDR	1.08768	0.74184	2.78881	N.Q.	N.Q.	3.1418	56.4397	2.2841	217.917

Closings in London and Zurich, fixings in other European centers. New York rates at 4 P.M. (a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available. (=) To buy one pound: $U.S.1.4655

Other Dollar Values

Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$
Argen. austral	0.80	Fin. markka	5.548	Mex. peso	490.00	Soviet ruble	0.7718
Austral. $	1.4565	Greek drac.	151.00	Norw. krone	7.705	Span. peseta	158.40
Austr. schil.	18.16	Hong Kong $	7.807	Phil. peso	17.75	Swed. krona	7.7255
Belg. fin. fr.	52.30	Indian rupee	12.0627	Port. escudo	162.00	Taiwan $	39.85
Brazil cruz.	9,050.00	Indo. rupiah	1,123.00	Saudi riyal	3.6507	Thai baht	26.815
Canadian $	1.3772	Irish £	0.8337	Sing. $	2.092	Turkish lira	555.25
Chinese yuan	3.0215	Israeli shek.	1,479.00	S. Afr. rand	2.6667	UAE dirham	3.6725
Danish krone	9.2825	Kuwaiti dinar	0.2899	S. Kor. won	889.00	Venez. boliv.	14.90
Egypt. pound	1.25	Malay. ring.	2.4245				

£ Sterling: 1.2145 Irish £

Sources: Banque du Benelux (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits — Nov. 25

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
1 month	8-8⅛	4½-4⅝	2 ¾-3 ⅛	11½-11⅝	8⅞-8⅞	8¼-8⅜	7⅝
2 months	8-8⅛	4⅝-4¾	3⅞-4	11½-11⅝	8 ⅞-9 ⅛	8¼-8⅜	7 ⅝
3 months	8-8⅛	4⅝-4¾	3 ⅞-4 ⅛	11½-11⅝	9⅛-9¼	8¼-8⅜	7 ⅝
6 months	8-8⅛	4 ⅝-4 ¾	4-4½	11⅜-11½	9⅞-10	8 ⅜-8 ½	7 ⅝
1 year	8 ⅛-8⅛	4⅞-5	4-4⅛	11¼-11⅜	10-10⅛	8 ⅜-8 ½	7⅝

Sources: Morgan Guaranty (dollar, DM, SF, Pound, FF); Lloyds Bank (ECU); Reuters (SDR). Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates — Nov. 25

	Close	Prev.
United States		
Discount Rate	7½	7½
Federal Funds	7⅝	6½
Prime Rate	9½	9½
Broker Loan Rate	9	9
Com. Paper 30-179 days	7.75	7.75
3-month Treasury Bills	7.20	7.21
6-month Treasury Bills	7.30	7.27
CD's 30-59 days	7.50	7.50
CD's 60-89 days	7.50	7.50
West Germany		
Lombard Rate	5.50	5.50
Overnight Rate	4.55	4.55
One Month Interbank	4.65	4.65
3-month Interbank	4.85	4.85
6-month Interbank	4.90	4.90
France		
Intervention Rate	8⅝	8⅝
Call Money	8⅝	8 25/32
One-month Interbank	8⅝	8⅝
3-month Interbank	8⅞	8⅞
6-month Interbank	8 13/16	8 13/16
Britain		
Bank Base Rate	11½	11½
Call Money	12	11⅝
91-day Treasury Bill	11 3/32	11 3/16
3-month Interbank	11⅛	11 11/64
Japan		
Discount Rate	5	5
Call Money	7⅛	7½
60-day Interbank	8⅛	8⅛

Sources: Reuters, Commerzbank, Credit Lyonnais, Bank of Tokyo.

Asian Dollar Deposits — Nov. 25

1 month	8 - 8⅛
2 months	8 - 8⅛
3 months	8 - 8⅛
6 months	8 - 8⅛
1 year	8 ⅛ - 8 ¼

Source: Reuters.

U.S. Money Market Funds — Nov. 25

Merrill Lynch Ready Assets, 30 day average yield:	7.46
Telerate Interest Rate Index:	7.804

Source: Merrill Lynch, Telerate.

Gold

Nov. 25

	A.M.	P.M.	Ch'ge
Hong Kong	327.80	328.25	+ 1.65
Luxembourg	330.00	—	+ 3.50
Paris (12.5 kilo)	331.59	331.96	+ 5.08
Zurich	328.05	328.75	+ 4.50
London	330.50	330.20	+ 3.70
New York	—	332.30	+ 5.40

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York Comex current contract. All prices in U.S. $ per ounce.
Source: Reuters.

Markets Closed

Financial markets in Malaysia were closed Monday because of a holiday.

Mexico Accepts GATT

In Shift From Protectionism

By Robert J. McCartney
Washington Post Service

MEXICO CITY — The Mexican government, in a landmark decision to lower trade barriers, has committed itself to accept the rules set by the General Agreement on Tariffs and Trade.

President Miguel de la Madrid issued a statement late Sunday saying that Mexico would enter GATT. It was published Monday in the official gazette.

It will take months for Mexico to negotiate terms of its entry, and the country probably will have 10 years or more to bring customs duties and other trade regulations into line with GATT's other members.

But Mexico will have to gradually lower tariffs that artificially raise the price of imported goods, and to avoid other measures that discourage international trade. That represents a historic change in the country's economic strategy, which has relied on relatively high trade barriers to protect domestic companies against foreign competition.

Mexico is the largest Western nation not a member of GATT.

"We cannot isolate ourselves in an increasingly interdependent world," Mr. de la Madrid said.

Both manufacturing companies and labor unions in Mexico have opposed entry into GATT on grounds that the nation's economy was too weak to survive an influx of foreign-made goods.

On the other hand, the decision was certain to help Mexico in dealings with international banks and the International Monetary Fund over its $96-billion foreign debt.

Mr. de la Madrid said Mexico would need special safeguards to protect its petroleum and agricultural industries.

■ **GATT Session Opens**

A GATT meeting of officials, which may arrange a new round of trade liberalization talks, opened Monday in Geneva with a somber assessment of "deteriorating" world trade prospects by the session's chairman, Felipe Jaramillo of Colombia, The Associated Press reported.

Tobacco Firm Seeks Merger In Britain

By Bob Hagerty
International Herald Tribune

LONDON — Imperial Group PLC and United Biscuits PLC announced Monday that they were discussing the possibility of merging.

Such a combination would create one of Britain's biggest companies. Imperial, a tobacco, beer and food company, has a stock market value of about £1.7 billion ($2.49 billion). United, the world's second-largest maker of cookies and crackers after Nabisco Brands Inc., is valued at nearly £1 billion.

The companies' joint statement said Imperial had made the approach but gave no further details.

United shares surged to close on the London Stock Exchange at 266 pence, up from 242 pence Friday, and Imperial gained to 229 pence from 218 pence.

The combination would be viewed at least partly as defensive. Both companies have had lackluster performances in recent years and both have been cited as possible takeover targets.

David and Frederick Barclay of Britain, twin brothers and prominent investors, recently acquired about 3 percent of Imperial's shares, the stockbrokerage of Wood, Mackenzie & Co. disclosed during the weekend. Their stake has been viewed as an effort to take

(Continued on Page 17, Col. 3)

Trade Surplus Widens in U.K.

Reuters

LONDON — Britain's trade surplus widened in October following improved oil trading, the government reported Monday. The estimated current account surplus increased to £400 million ($560 million) from £170 million in September.

Exports rose to £6.32 billion from £6.11 billion in September, while imports totaled £6.32 billion, down from £6.34 billion. The current account measures trade in goods and services as well as interest, dividends and certain transfers.

Oil exports rose by £89 million to £760 million in October, reflecting increased North Sea production, while oil imports fell by £27 million. A rise in exports of chemicals and industrial machinery also helped boost the surplus, government officials said.

Brazil Plans to Shrink Role of State

Sale of Petrobrás Shares Launching 'Destatization'

By Alan Riding
New York Times Service

RIO DE JANEIRO — Six months into his job of identifying all companies, departments, commissions and other bodies belonging to the federal government, a Brazilian official had reached the staggering figure of 20,224 and was still counting. "This," Gileno Fernandes said, "represents about one-third."

But already he had proved what most Brazilians instinctively knew: The state apparatus had grown out of all control during the past two decades of military rule, not only assuming a central role in the economy, but also spawning a vast bureaucracy that has become a drain on the nation.

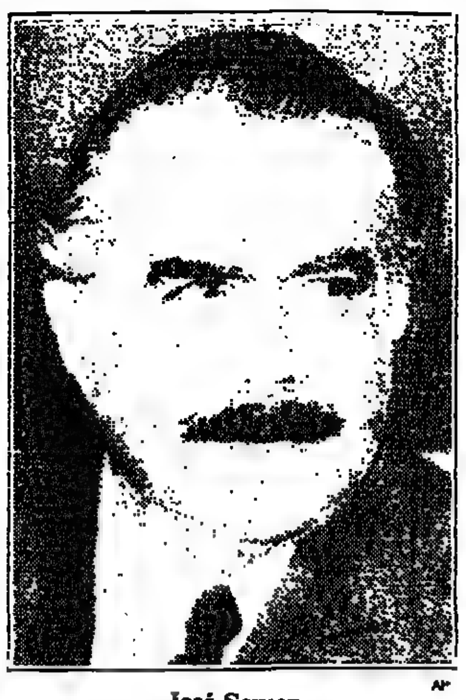
Now, in a move that could change the very nature of Brazil's development, the country's new civilian government has announced an ambitious program to reduce the size of the state and, above all, to limit its intervention in the economy. Overnight, denationalization has become the new catchword.

"This is not an ideological decision," insisted one official who is involved in executing the program. Besieged by huge foreign and domestic debts and a chronic budget deficit, he noted, the state can simply no longer afford to feed itself. "Common sense tells us we have to slim down."

President José Sarney, in contrast, sees it as a more fundamental shift in the country's economic model, proclaiming the "new posture" is a historic turning-point that should permit economic leadership to pass from the government "to a private sector freed from the chains of statism."

This week, the plan moves into first gear with the sale by the government's National Economic and Social Development Bank of 5 billion shares in the giant oil corporation, Petrobrás, raising $400 million that might otherwise have required new taxes, additional borrowing or printing money.

Over the next two years, the strategy envisages divestment or closure of at least 100 public companies, the sale of shares in other state corporations, elimination of "unnecessary" government offices — if they can be found in the bureaucratic maze — and a reduction in the red tape currently strangling business.



AP

José Sarney

So far, officials have not indicated by how much they hope to shrink state intervention, partly because of disagreement over how it should be measured. The public sector accounts for about half the gross domestic product, but much of this involves "nonproductive" spending in health, education and other services.

State enterprises, with a budget of $70 billion for

(Continued on Page 17, Col. 1)

Habitat, BHS Set Merger for $2.1 Billion

By Bob Hagerty
International Herald Tribune

LONDON — Habitat Mothercare PLC and British Home Stores PLC announced plans Monday to merge in a £1.45-billion ($2.12-billion) transaction that would create Britain's fifth-largest nonfood retailer.

The plan comes amid a wave of mergers and acquisitions in Britain, particularly among retailing companies. Last August, Burton Group PLC acquired Debenhams PLC after a virulent takeover battle, and the al-Fayed family of Egypt early this year purchased House of Fraser PLC, which owns London's Harrods department store.

Habitat, a fast-growing retailer of trendy furniture and clothing, said it would help speed up BHS's efforts to redesign its variety stores and shed a dowdy image. Sir Terence Conran, a successful designer who is chairman of Habitat, said at a news conference that both companies would benefit from greater size in negotiating with suppliers.

Investment analysts suggested that the merger talks might have been hastened by signs of a rival suitor building up a stake in BHS.

Paul Deacon, an analyst at Wood, Mackenzie & Co., said the merger would inject "a little bit of the well-known Conran flair" into BHS.

The stock market reacted positively. Habitat shares rose 18 pence to close at 566 pence, while BHS gained 36 pence to 409 pence. That gave BHS a market value of about £850 million, compared with £600 million for Habitat.

Though BHS is larger, Habitat appears likely to be dominant. Sir Terence will be chairman and chief executive of the combined company. Denis Cassidy, now chief executive of BHS, is to serve as deputy chairman and managing director.

Under the agreement, a new holding company would offer one of its ordinary shares for each share of BHS and 138 shares for each 100 Habitat shares. BHS shareholders would wind up with 55 percent of the new company, and Habitat holders would gain the rest. Sir Terence's holding in the new company would be about 9 percent.

Habitat has grown rapidly since listing its shares on the exchange and acquiring Mothercare, a retailer of clothing for children and pregnant women, four years ago. Analysts credit Sir Terence's management team with breathing new life into Mothercare.

On Monday, Habitat reported that it had pretax profit of £16.1 million in the first half ended Sept. 29, up 28 percent from £12.6 million a year earlier. Sales rose 14 percent to £225.5 million from £197.8 million.

For the year ended last March 31, Habitat had pretax profit of £36.5 million on sales of £446.7 million.

The company owns a design consultancy, Conran Associates, which has been helping BHS develop new products. Habitat also owns furniture and clothing stores in Britain, continental Europe and the United States.

The pretax profit of British Home Stores rose 17 percent to £17.5 million in the first half ended Sept. 14, partly reflecting property transactions. For the year ended March 30, the company had pretax profit of £61 million on sales of £608.6 million.

China's Import Curbs Hurting Hong Kong Trade

Agence France-Presse

HONG KONG — Hundreds of millions of dollars' worth of goods are lying idle in warehouses here because of import curbs in China, Hong Kong's No. 2 trading partner, local businessmen say.

They estimate that China-bound vehicles worth at least 350 million Hong Kong dollars (about $45 million) are stockpiled in Hong Kong.

A car dealer, Yuen Kam-ming, said his business had been left high and dry by China's curb on vehicle imports.

While Mr. Yuen put the backlog figure at about 5,500 vehicles, some of his colleagues put it as high as 10,000.

According to Mr. Yuen, owner of China & Canton Co. Ltd., a car dealership, nearly all the vehicles are Japanese-made trucks shipped to Hong Kong at an average export price of 50,000 dollars each.

"We usually add 10 percent on top for profit," he said.

The Chinese cutback on autos was part of measures introduced by Beijing in March to cure a hemorrhage in the country's foreign exchange reserves. They fell to $11.5 billion in March from $16.5 billion in mid-1984. Many analysts believe the figure is now below $10 billion.

Wang Deyan, a vice president of the Bank of China, said at an international monetary conference in Hong Kong in June that China had to restrict the import of consumer "luxuries," defined as cars, television sets and refrigerators.

Local businessmen estimate that 300,000 color television sets, 100,000 video recorders and 18,000 office copiers destined for China are lying in warehouses.

China is Hong Kong's second largest trading partner after the United States.

According to Mr. Yuen, the problem has worsened since July when official Chinese reports said about 90,000 cars and other items had been imported illegally by bureaucrats on Hainan island, off southern China, and then resold throughout China at substantial profits in the 15 months ending last March.

The Hainan intake was estimated to account for more than two-thirds of the total number of vehicles China had imported during the period.

Mr. Yuen said that at the peak of business, more than 120 cars a day entered China from Hong Kong via the overland border. "Today the number is down to less than 30, and could fall still further," he said.

An executive with a big Hong Kong car dealer also reported that the firm's monthly China sales had drifted to 50 from 1,000 earlier this year.

Some local economists, including those with Hang Seng Bank, however, remain optimistic over prospects for Hong Kong's China-bound exports and re-exports.

Although China's economic readjustment process is likely to last well into next year, there is "little ground for long-term pessimism," a recent issue of the bank's monthly report on the Hong Kong economy said.

Vietnam Drafting Investment Law to Lure Western Capital

By Paul Wedel
United Press International

HANOI — Vietnam is liberalizing its investment law in hopes of attracting its first significant foreign investment since the end of the Vietnam War 10 years ago, government officials and diplomats say.

In interviews over the weekend, the officials said Vietnam had realized it was falling further behind the more open economies in Asia and hoped foreign investment from capitalist nations would help correct the problem.

"In the next few months, we will have a new law of investment and joint ventures to make use of foreign investment," said Le Hoang, a vice minister and deputy director-general of the State Bank of Vietnam.

The new law, unlike a 1977 measure that failed to attract significant investment, will place no ceiling on the proportion of foreign ownership in joint ventures, he said.

While the old law required local management, the revision is likely to encourage foreign investors to bring in their own management, the vice minister said.

"We will designate specific production areas for foreign investment, particularly in processing for export," the Vietnamese official said. "We would like investment in the production of tea, coffee, oil and gas, rubber and glass production."

Mr. Hoang said there would be no problem with repatriation of profits. Taxes would be cut when profits were reinvested.

He declined to give further details of the legislation, which was still being drafted, but said it would be based on "equality and mutual benefit."

Vu Khoan, director of the Foreign Ministry's Economic Department, said investors from India, Australia, Japan and France had already made inquiries about joint ventures.

"The new law will certainly be more attractive," he said.

A Western diplomat said the Vietnamese had told investors from his country that once they made a firm proposal, "we will satisfy your requirements on a case-by-case basis even before the new law is ready."

The Hanoi-based diplomat said: "The Vietnamese are conscious they are falling further behind their neighbors in Southeast Asia and they are keen to catch up. But it is clear they are not going to abandon their socialist, Marxist-Leninist policies."

The Vietnamese officials who were interviewed said there was no disenchantment with the significant help the country had received from the Soviet bloc. There was simply a realization, they said, that Vietnam needed more help than the Socialist countries alone could give.

Mr. Khoan said that many Western nations had used Vietnam's 1978 invasion of Cambodia as "a pretext" to attempt to isolate Vietnam. But he said the leadership was confident that the Cambodian situation would be settled within five years.

U.S. Airlines Fear Famine May Follow Holiday Feast

By Agis Salpukas
New York Times Service

NEW YORK — The U.S. airline industry is gearing up for heavy traffic during the Thanksgiving and Christmas holidays, but there is great concern that traffic will weaken and fare wars will widen early next year. That is causing some analysts and executives to predict a sharp drop in earnings in the first quarter.

"It's going to be a tough year," Richard J. Ferris, chairman of United Airlines, told a group of analysts last week.

Many carriers are scheduled to add capacity next year with the delivery of new planes ordered some time ago, putting further pressure on fares if traffic levels remain soft.

If the predictions come true, the first-quarter results would interrupt a period of recovery for the industry that followed a slump in 1983. It could also speed the consolidation of more carriers in the aftermath of the People Express takeover of Frontier Airlines, the first merger of two major carriers in many years. The takeover was completed last week.

Mr. Ferris said the fall in profits would put pressure on other major carriers to consider mergers.

A move by United, which is expected to take over the Pacific routes of Pan American World Airways by early January, is adding to the merger pressure.

Northwest Airlines, which opposed the route transfer that was approved by the Department of Transportation, has said it might have to seek a merger with a major airline to remain competitive. Northwest is the largest U.S. carrier in the Pacific.

A bright spot for the industry has been the low fares introduced by American Airlines for Thanksgiving Day, which is this Thursday, for Friday and for half of Saturday. The fares, as low as $29 one way for flights of 500 miles (808 kilometers) or less, have been matched by most major carriers.

Lowell C. Duncan Jr., vice president of corporate communications for American, said the response had been "phenomenal." He said that the airline, which has 1,200 flights daily, had 260,000 seats available for the holiday weekend period and that 170,000 had already been sold, a dramatic improvement over years past. William Berry, a spokesman for Delta, said that the airline normally flew its planes only 30 percent full on Thanksgiving and the days after but that the loads would be more in the 70 percent range this year because of the low fares.

Delta has also offered fares discounted by 70 percent for the three days following Christmas, and Mr. Berry said that had stimulated another surge in bookings. Other ma-

(Continued on Page 21, Col. 2)

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
BaxtTr	51336	14⅛	13½	13¾	— ¼
IntHarv	17314	7⅝	7¼	7¼	— ½
Texaco	15510	34⅜	34⅛	34¼	— ⅛
KaisrAl	13041	17⅛	16½	17⅛	+ ⅝
TexOGs	12300	15½	15⅛	15⅜	— ⅛
Schlmb	12109	37	35⅝	36¾	+1¼
WstgE	11931	46⅛	45⅛	45⅝	— ¾
AT&T	11379	23¼	22⅞	23⅛	— ⅛
BeatCo	9679	46⅛	45⅞	46	
Sears	9206	38⅛	37½	37⅝	— ⅜
Pennzol	8250	[illegible]	60⅝	62¼	+ ¼
Rorer	7988	41⅛	39¼	40⅝	+1¼
NtGyp s	7755	47¼	46	46¾	+2¾
WUnion	7358	15½	14⅝	15⅝	+ ¾
JohnJn	7190	47⅝	46⅝	47	— ⅝

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	81.38	— 0.06
Utilities	79.66	— 0.24
Industrials	83.10	+ 0.12

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	1462.84	1467.09	1449.43	1456.65	— 7.68
Trans	680.59	683.99	672.05	676.26	— 6.68
Util	165.83	166.50	164.24	165.37	— 0.77
Comp	585.75	587.87	579.81	583.06	— 3.74

NYSE Diaries

	Close	Prev.
Advanced	560	968
Declined	1096	643
Unchanged	382	446
Total Issues	2038	2057
New Highs	112	198
New Lows	10	7
Volume up	24,152,060	
Volume down	56,243,840	

NYSE Index

	High	Low	Close	Ch'ge
Composite	115.86	115.49	115.59	— 0.65
Industrials	132.91	132.49	132.63	— 0.66
Transp.	109.46	108.87	108.87	— 1.14
Utilities	59.78	59.71	59.70	— 0.32
Finance	125.33	124.33	124.36	— 1.34

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
Nov. 22	182,429	539,445	2,918
Nov. 21	208,450	555,957	3,155
Nov. 20	168,017	481,209	2,236
Nov. 19	180,107	507,452	10,334
Nov. 18	175,322	508,003	6,254

*Included in the sales figures

Monday's NYSE Closing

Vol. at 4 P.M.	91,710,000
Prev. 4 P.M. vol.	133,750,000
Prev consolidated close	159,629,990

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

AMEX Diaries

	Close	Prev.
Advanced	220	340
Declined	337	221
Unchanged	265	257
Total Issues	822	818
New Highs	26	43
New Lows	11	12
Volume up	2,387,345	
Volume down	3,663,420	

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	224.26	222.72	223.09	— 1.17
Transp.	180.03	178.23	178.35	— 1.68
Utilities	87.96	87.34	87.48	— 0.48
Finance	24.28	23.98	23.99	— 0.29
Composite	201.52	200.08	200.35	— 1.17

NASDAQ Index

	Close	Ch'ge	Week Ago	Year Ago
Composite	310.79	— 1.01	306.10	244.90
Industrials	321.47	— 1.28	307.42	261.34
Finance	410.27	— 0.61	405.38	282.11
Insurance	376.26	— 1.44	372.00	272.49
Utilities	291.89	— 2.21	252.03	228.48
Banks	328.47	+ 0.69	265.77	223.65
Transp.	274.41	— 0.55	270.46	234.19

AMEX Sales

4 P.M. volume	7,840,000
Prev. 4 P.M. volume	10,580,000
Prev. cons. volume	10,580,000

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
Astrotc	2519	1¼	1	1¼	+ ⅛
EchoB g	2497	14¼	13⅝	14¼	+ ⅝
Ultimte	2088	19	17⅝	18¾	+1⅛
Wickes	1880	4⅝	4½	4¼	— ⅛
Dome P	1849	2½	2⅜	2⅜	— ⅛
AmeG n	1524	26¼	24⅝	24⅝	— 1
MCO Rs	1306	1¾	1⅝	1⅝	
AlzaCp	1295	31½	31	31⅛	— ⅛
BAT In	1229	4¼	4⅛	4⅛	— ⅛
AM Intl	1225	5	4⅞	4⅞	— ⅛
CentrkH	1203	13½	13⅛	13⅛	— ¼
KeyPh	1199	9⅝	9⅝	9¼	— ¼
Dasoon	1150	4⅝	4⅛	4⅝	+ ⅛
Hasbr s	1083	35¾	35	35⅝	+ ½
Wangs	1063	18¾	18⅝	18¾	— ⅛

AMEX Stock Index

High	Low	Close	Ch'ge
241.42	240.48	240.81	— 0.60

Prices Decline on the NYSE

United Press International

NEW YORK — Prices on the New York Stock Exchange closed lower Monday as investors took profits after a series of record-setting advances.

The Dow Jones industrial average fell 7.68 to 1,456.65.

Broader market indicators also receded from highs set Friday. The New York Stock Exchange index fell 0.65 to 115.59 while Standard & Poor's 500-stock index lost 1.17 to 200.35. The price of an average share fell 20 cents.

Declines outpaced advances by a 2-1 ratio. Volume totaled 91.7 million shares, down from 133.8 million Friday.

Analysts said investors had taken profits after recent gains.

Alfred Goldman, stock market strategist at A.G. Edwards & Sons., said the view of some economists and analysts that the rally in the bond market has run out of steam may have pressured the stock market. But he said under any circumstances, a correction at this point in the market's upward path was "very normal."

Despite the day's loss, Mr. Goldman said the stock market had not completed its rally. The Dow will move up to 1,500 before a "meaningful" correction begins, he said.

"This market is going to give us a Merry Christmas before it gives us a New Year's hangover," Mr. Goldman said.

"The market is just experiencing some consolidation after its rather meteoric rise," said William Raftery of Smith Barney, Harris Upham. "It's ripe for some profit taking."

Analysts said thinner volume indicates the market could have drifted lower because of a lack of buyers rather than any dramatic rise in selling pressure.

Baxter Travenol Laboratories was the most active NYSE-listed stock, easing ¼ to 13¾. Baxter Travenol said it completed its $3.8-billion merger with American Hospital Supply Corp.

International Harvester followed, declining ½ to 7¼.

Texaco was third, unchanged at 34¼.

Texas Oil & Gas eased ⅛ to 15⅜ and Schlumberger was up 1¼ to 36¾, both in active trading.

Among actively traded blue chips, Sears eased ⅜ to 37⅝ and General Electric fell ⅞ to 65.

The auto sector turned in mixed results as major automakers reported a 27.2-percent decline in new car sales for mid-November. General Motors added ⅜ to 70¾, Ford lost ⅜ to 54½ and Chrysler fell 1⅜ to 42⅜.

IBM backed down ½ to 139, Digital Equipment fell 2¼ to 116⅛.

In semiconductor issues, Texas Instruments fell 1¾ to 102⅞ and National Semiconductor was off ½ to 12⅛.

National Gypsum rose 2¾ to 46¾. The company said a group of its senior executives would propose acquiring National Gypsum in a leveraged buyout.

Campbell Soup Co. declined 1⅜ to 49 after climbing 5¾ last week when takeover rumors aroused interest in the stock.

Prices were lower in active trading of American Stock Exchange issues.

Astrotech International led the Amex actives, adding ⅛ to 1¼. Echo Bay Mines followed gaining ⅝ to 14¼. Ultimate Corp. was third, climbing 1⅛ to 18¾.

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
A										
24⅝	16	AAR	.56	2.5	15	163	22¾	22⅛	22¾	
19	10⅛	AGS			15	95	19	18½	18⅞	
14	9⅞	AMCA				10	11⅛	11⅛	11⅛	— ¼
50¾	32¼	AMR			7	4684	40¼	39⅛	39⅝	— ⅞
23¾	18⅝	AMR pf	2.18	9.2		16	23¾	23⅝	23⅝	— ⅛
25⅞	23	ANR pf	2.67	11.2		3	23¾	23¾	23¾	
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
14⅛	11⅛	BosE pr	1.46	10.4		26	14⅛	14	14	— ⅛
25⅞	19⅞	Bowatr	.72	3.2	9	95	22⅞	22⅝	22⅝	— ⅛
31⅛	25⅛	BrigSt	1.60	5.9	13	253	27⅜	27	27¼	+ ⅜
66½	47¼	BristM	1.88	2.9	17	2302	63¾	63⅛	63¾	+ ⅛
4⅞	3⅝	BritLnd				6	4⅛	4	4	
35⅛	21⅞	BritPt	2.01e	5.8	8	468	34⅞	34½	34⅝	— ⅛
29⅝	22	BrtT2 pp	.61e	2.1	14	93	29¾	29½	29½	+ ⅛
4	1	Brock				372	1⅛	1	1	
29⅛	16⅞	Brckwy	1.32	4.6	14	44	29	28½	28⅝	— ⅛
43⅝	34⅝	BkyUG	3.12	7.6	8	78	42	41¼	41¼	— ¾
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
76¼	62½	CwE pf	8.38	11.0		5300z	76	76	76	
24⅝	20⅝	CwE pf	2.37	9.6		4	24⅝	24⅝	24⅝	
26⅞	23⅛	CwE pf	2.87	10.7		42	26⅞	26⅝	26¾	+ ⅛
76⅝	60	CwE pf	8.40	11.1		100z	75½	75½	75½	— ½
66⅛	53	CwE pf	7.24	11.1		200z	65⅝	65½	65½	— ¼
30⅝	22¼	ComES	2.52	8.8	7	165	28⅝	28⅝	28⅝	
38⅝	23	Comsat	1.20	3.8	10	812	32	31¼	31⅝	— ¼
35⅝	23¼	CPsyc	.28	1.1	18	1933	26	25⅛	26	+ ¾
35⅝	23⅛	Compgr	.60	2.2	9	10	27	26¾	26¾	— ½
29¾	13	CompSc			13	198	28⅞	28½	28¾	— ⅛
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
20½	15⅝	EmryA	.50	3.1	13	449	16¼	15⅝	15⅝	— ⅜
33½	26¼	Emhart	1.40b	4.6	10	639x	30¼	30⅛	30¼	+ ⅛
23¾	18¼	EmpDs	1.88	8.2	9	16	23	22⅞	22⅞	
5⅝	4¼	Emp pf	.50	9.8		190z	5⅛	5⅛	5⅛	+ ⅛
9½	7⅛	Emp pf	.91	9.6		3000z	9½	9½	9½	+ ¾
16⅛	12¼	Energen	1.04	7.2	10	99	14⅝	14¼	14⅜	— ⅛
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
53⅝	35	Hershy	1.50	2.9	15	246	52¾	52⅛	52½	— ⅛
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
32¾	25¾	LouvGs	2.52	8.7	8	135	29⅛	29	29	
[illegible]										
M										
23⅝	12½	MACOM	.24	1.8	14	3571	13⅝	13	13	— ¼
[illegible]										

(Continued on Page 18)

هكذا صدر بالأصل

BUSINESS ROUNDUP

$1.3-Billion Offer Made For National Gypsum

Compiled by Our Staff From Dispatches

DALLAS — An investor group led by senior executives of National Gypsum Co. announced a proposal Monday to acquire the company in a leveraged buyout valued at up to $1.31 billion.

Under the plan, the 22.8 million shares outstanding of the Dallas-based company could be exchanged for a package of $923.4 million in cash and $387.6 million in securities.

A statement said that for each share, the group proposed to exchange $40.50 in cash and $17 stated face amount of a new issue of subordinated redeemable discount debentures. The 20-year debentures would bear no interest for five years. Thereafter, interest would be 15 percent per year.

National Gypsum shares rose $2.75 to $46.75 on Monday on the New York Stock Exchange.

In a leveraged buyout, buyers borrow money to acquire a company and repay the loans with earnings of the company or sale of its assets.

The group seeking to buy National Gypsum includes the chairman and chief executive officer, John P. Hayes; the vice chairman, John M. Thompson Jr., and the president and chief operating officer, James R. Voisinet. It also includes private and institutional investors.

National Gypsum makes and supplies building products and services.

The investor group said that it had obtained a written proposal from an undisclosed financial institution to represent and participate in a syndicate of banks to provide "a substantial portion" of the financing for the acquisition.

It said additional funds for the acquisition would come from the issuance of a new series of senior subordinated debentures. The group has named Goldman, Sachs & Co. as financial adviser.

The proposal was to be presented to National Gypsum's board on Monday. *(AP, Reuters)*

Baxter Announces 6,000 Layoffs

Reuters

CHICAGO — Baxter Travenol Laboratories Inc. plans to lay off 6,000 to 6,500 workers, or 10 percent of the combined Baxter and American Hospital Supply Corp. work force, Baxter announced Monday.

The move is part of a plan to consolidate the two companies' operations, Baxter said. It follows a $3.8-billion merger of the concerns announced in July.

Vernon R. Loucks, Baxter's president, was named president and chairman of the combined companies Friday at a special meeting of Baxter shareholders that approved the merger. Concerning the separation of power between the two companies, Mr. Loucks said: "We're looking at a team management approach that is in essence a 50-50 kind of thing. The merged company is too big for one person to operate," he added.

China, U.S. Firm Are Said to Plan An Oil Refinery

Reuters

HONG KONG — China's government-run Shenzhen Gulf Petrochemical Industrial Corp. is planning to set up a joint venture with a privately held U.S. company to build an oil refinery in southern China near Hong Kong, an official of the Chinese concern said Monday.

Wu Jingwen, chief engineer of Shenzhen Gulf, said the company has signed an agreement with Security Exchange Diversified Investment Associates to jointly invest $150 million in the refinery, to be located in the Shenzhen special economic zone.

The plant will have a refining capacity of 1.5 million tons of petroleum products a year, he said.

The joint venture still requires Beijing's approval, but a contract is likely to be signed in March of next year, Mr. Wu said.

He said the plant is part of a plan to develop Shenzhen as a refining and support base for oil operations in the South China Sea.

Peugeot Pins Its Hopes for Revival on the Newly Launched 309 Sedan

Reuters

PARIS — Peugeot SA hopes its new 309 sedan can restore the company to profit next year.

The early signs look promising. The privately owned French automaker expects to break even this year after cutting losses sharply in 1984. Good sales of Peugeot's small two-door 205 model contributed to the better results.

The medium-sized 309 was launched last month, and the company says initial sales are encouraging.

The revival in Peugeot's fortunes follows losses over the past four years of about 7 billion francs ($897.4 million), and comes when its state-owned rival, Renault, is having record monthly losses.

Both companies have suffered from labor disputes over the past two years, mainly over attempts to cut the work force and modernize equipment.

But Peugeot has fared better in terms of sales, winning 34.3 percent of the domestic new car market in the first 10 months of this year, compared with Renault's 29-percent share.

During the first nine months, Peugeot had an 11.2-percent European market share, unchanged from a year earlier and just ahead of Renault, whose share eased 0.1 percent, to 10.7 percent.

The success of Peugeot's 205 model, and continuing healthy sales of its 305 and 505 sedans, contrast with the initially disappointing public reaction to the Renault Supercinq model introduced a year ago.

As the successor to the highly successful Renault 5, a small two-door car especially suited for city driving, market analysts said the Supercinq suffered at first from being too similar to its predecessor.

While sales have improved in recent months, Renault has been grappling since early 1984 with losses running at around one billion francs a month.

With Peugeot's launch of the 309, the immediate battleground between the two French auto giants moves to medium-range models.

"The importance of the 309 is that we have become a little absent from the so-called lower-medium range of the market," Jean Boillot, chairman of the group's profitable Automobiles Peugeot division, said recently. "This car will permit us to plug a gap on the European market."

The 309, priced at between 53,000 and 80,000 francs, is being marketed as a direct competitor with the Renault 11, Ford Escort, Fiat Ritmo, Opel Kadett and Volkswagen Golf.

Since its launch on Oct. 17, Peugeot has received 25,000 registered orders for the 309 and 40,000 orders are expected by the end of the year, a spokesman said last week.

The car has given a new lease of life to the Poissy works west of Paris and the Ryton plant in the British Midlands, where the right-hand drive model is being produced.

Much of the 2.5 billion francs Peugeot has invested in developing the 309 has been spent in modernizing Poissy to be able to produce 1,000 a day of the 309 models by next May. Ryton is scheduled to turn out 200 Peugeot 309s a day.

The introduction last month of the 309 model comes as labor relations in the French car industry remain overshadowed by the depressed state of the new car market. This has led to severe job cuts.

Arab National Posts 19% Fall in Net

Reuters

JEDDAH — Arab National Bank reported Monday an 18.6-percent decline in net income in the first three quarters of 1985.

The report comes as banks in Saudi Arabia face growing pressure on earnings as oil revenues and government expenditure decline. Last week Saudi American bank reported a 22-percent profit decline in the first nine months of this year.

In an unaudited statement, Arab National said net for the nine months ended Sept. 30, 1985, was 160.8 million riyals ($44 million), compared with 197.6 million riyals in the same period last year. Net for all of 1984 was 241.6 million riyals.

In the nine-month period the bank, which is 60 percent owned by Saudi shareholders and 40 percent by Arab Bank Ltd. of Jordan, made provisions for possible loan losses of 43.4 million riyals, up from 33.1 million during the same period last year.

Total assets at the end of September were 9.65 billion riyals, up from 9.12 billion riyals a year earlier. Loans and advances fell to 2.67 billion riyals from 3.12 billion in September 1984, while total deposits increased to 7.31 billion riyals from 6.49 billion.

Total guarantees, letters of credit and other obligations fell to 3.55 billion riyals in September, down from 4.56 billion a year earlier.

COMPANY NOTES

Enskilda Securities said it and Dillon Read & Co. are lead-managing a placement of one million "A" free shares of Saab-Scania AB, the Swedish motor and aerospace group, purchased from the Knut and Alice Wallenberg Foundation, to raise £42 million ($61.1 million).

Fermenta AB of Sweden is to buy an antibiotics plant owned by Gruppo Lepetit SpA, the Italian pharmaceutical subsidiary of the U.S. Dow Chemical group, within the next two months. The plant, in Rovereto, northeast Italy, is one of the biggest in Europe. Terms were not announced.

GTM Entrepose, a French construction group that is a subsidiary of steel group Vallourec, has won a 350-million-franc ($44.6-million) contract to supply civil engineering for Singapore's elevated mass transit system.

Hitachi Ltd. of Japan will build a new computer disk storage assembly plant in Norman, Oklahoma, that will employ more than 500 employees by 1991. The plant will be capitalized at $9 million, but a total of $45 million will be invested in the plant in the next five years.

Hyundai Corp.'s chairman, Chung Ju Yung, in a 70th birthday interview, said that cars, electronics and semiconductors will be the major business areas of his South Korean group in the future and for the time being it would not make additional investments in construction and shipbuilding.

LTV Corp. said the union membership at its Gulf States Steel Corp. unit, a Gadsden, Alabama, steel mill, has approved the acquisition of Gulf States for undisclosed terms by the unit's employee stock ownership plan. LTV was required to divest the unit after it acquired Republic Steel Corp.

Matsushita Electronic Components, Europe, GmbH of Japan is seeking a production site in Europe because of increasing demand for videotape recorder and color television tuners, a company spokesman said. The company produces about 50,000 tuners a month.

Paccar Inc., a U.S. commercial vehicle producer, is expected to sign an agreement this year with Volkswagen AG to market Brazilian-made VW trucks in North America.

Renault, the French state-owned automaker, is closing its Flins plant, west of Paris, for two days as part of a series of brief closures to avert overproduction. The plant employs 14,000 workers.

Todd Shipyards Corp., the largest independent U.S. shipbuilding company, said about 2.26 million Aro Corp. shares, more than 94 percent of those outstanding, were tendered in response to its offer. Aro manufactures air-powered equipment.

Brazil Plans to Shrink State's Role

(Continued from Page 15)

1986, in fact account for only 15 percent of economic production and 29 percent of investment, albeit remaining highly visible: the government owns nine of Brazil's 10 largest companies.

Petrobrás was chosen to initiate the program, which the government prefers to describe as "destatization," because it has a good profit record and some of its shares are already traded. In this case, in an effort to attract first-time investors, the shares will first be sold in small lots through 15,000 bank and brokerage offices around the country.

The operation has also enabled the government to assure alarmed nationalists that it will not surrender control of Petrobrás or other large corporations active in strategic areas. The shares being put on the market this week represent only 6.6 percent of the preferential stock and, while they can be acquired by foreigners, their holders have no right to vote.

Henri Philippe Reichstul, head of state enterprises in the Planning Ministry, said this same method could also apply to shares in the mining giant, Companhia Vale do Rio Doce, the Telebrás telecommunications corporation and Post and Telegraph Co., all of them in healthy financial condition.

He added that, after completion of a World Bank-assisted program to capitalize and reorganize the Eletrobrás electricity monopoly and the Siderbrás steel company, their shares should be marketable.

"It's simple," he said. "The government needs cash so it sells off some assets."

One key question is how much private capital can be mobilized for the program. In the recent past, private investors were unable or unwilling to assume the risks involved in major infrastructural projects, prompting the development-oriented military regime to borrow heavily abroad and carry out the projects itself.

But the cost of servicing Brazil's $104-billion foreign debt is now convulsing capital markets. Put simply, to buy the dollars needed to cover interest payments, the government prints money then floats high-interest treasury bonds and other paper to absorb this excess — and inflationary — liquidity. But this raises the domestic debt and interest bill at the same time as stimulating financial speculation and discouraging investment in stocks.

Thus, while Brazil's denationalization program coincides with similar moves in other Western countries, the government appears to be responding more to domestic circumstances than foreign example: the state has provided an essential industrial infrastructure, but it believes the private sector now offers the best option for growth. Some economists have argued that, at its present level of development, Brazil is ready to pass from state capitalism to private capitalism.

The second stage of the denationalization program will involve the sale of around 100 of a list of 520 state companies. Some were set up as subsidiaries of major corporations but, active in such peripheral areas as insurance and printing, they brought complaints from businessmen about "unfair competition."

"Petrobrás is like an octopus," Mario Amato, a leading business spokesman, said. "It's involved in everything when its job is to find and refine oil."

In the past, in order to save jobs, the government also routinely took over bankrupt private companies that it now wants to return to the private sector.

"The state played the role of a hospital fixing the mistakes of the private sector," said Dimas Camargo Maia Filho, head of the government's De-statization Commission. "Some of these companies are now in good shape and others will become viable with new capital and management. But those that cannot be sold will have to be closed."

The government plans to use the stock market to find buyers for these companies, although in most cases it will first select a controlling group from among interested investors. Closures of loss-making companies, on the other hand, will inevitably bring protests and pressure from congressmen, governors and mayors representing affected workers.

Perhaps the biggest resistance to "destatization," however, can be expected from within the bureaucracy itself. Apart from the 1.2 million people working in state companies, a further one million are employed by the federal government, a good number of them, according to officials, in "unnecessary" offices. For example, at least 282 different organs are involved in regulating industry and commerce.

SEC Acts on Options' Effects

(Continued from Page 15)

whenever an approach was decided upon.

Just the mention of options has long had the ability to scare corporate treasurers. Rightly or wrongly, options carry a reputation of being the tool of a gambler, not of a prudent investor.

"There's an old corporate adage: Nobody ever makes money trading options," said Gil L. Leiendecker, head of foreign exchange at Salomon Brothers. So Salomon Brothers has created a new product that looks and acts like a currency-option program but is called a "range forward contract" to make it an easier sell to those wary of options.

The product sets a forward date at which the contract is executed, but then gives a guaranteed high and low for the exchange rate rather than one fixed price — a built-in option feature. This product does not require an up-front premium, as options do, but it does have a cost to the client in the form of the exchange rates at which it can be executed.

Another new currency product made its debut last week: a trade-weighted dollar index future offered by the New York Cotton Exchange's Financial Instrument Exchange, or Finex. It is an ambitious start for an exchange that is late climbing on to the financial-futures bandwagon.

Volume last week initially sounded impressive: 11,356 contracts on Wednesday, 9,662 on Thursday, and an estimated 7,200 on Friday. But open interest lagged at 1,084 contracts on Thursday, suggesting that so far little of the trading represents serious commercial interest.

China's Trade With U.S. Grows

Reuters

BEIJING — Trade between China and the United States rose to $5.04 billion in the first eight months of this year from $4 billion in the year-earlier period, the U.S. Embassy said Monday.

A statement said U.S. exports rose to $2.36 billion from $1.71 billion, free alongside ship. U.S. imports, on cost, insurance, freight basis, grew to $2.68 billion from $2.29 billion.

China's main purchases from the United States were logs and lumber, coal, machinery, fertilizers, scientific instruments and commercial aircraft, the embassy said.

Tobacco Firm Seeks Merger

(Continued from Page 15)

advantage of any takeover or merger.

Imperial said late Friday that it had completed the sale of Howard Johnson Co. to Marriott Corp. for about $300 million. Announcing the sale in September, Imperial conceded that its 1980 acquisition of the U.S. motel and restaurant chain was a major mistake.

Imperial, which had sales of £2.47 billion last year, owns such brands as John Player cigarettes and Courage beer.

United, which dominates the British cookie, cracker and potato-chip markets and had 1984 sales of £1.74 billion, has diversified into hamburger and pizza restaurants along with frozen foods, spices and other areas. But the company's earnings per share have been stagnant over the past three years, largely because of fierce competition in the U.S. cookie market, where United's Keebler Co. unit is a major force.

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued from Page 16)

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
31½	19⅝	OutbdM	.64	2.5	15	153	25¾	25½	25⅝	— ⅛
40⅝	24⅛	OvrnTr	.80	2.1	14	475	39	37½	38⅛	— ¼
19	13	OvShip	.50	3.0	15	372	17	16¾	16¾	
37	30½	OwenC	1.40	4.0	9	335	35½	35¼	35⅜	+ ⅛
54½	38⅝	OwenIll	1.80	3.4	10	461	53¾	53¼	53⅝	— ⅛
15½	10½	Oxford	.44	3.1	31	53	14½	14¼	14¼	— ¼
P										
37½	23½	PHH	1.00	3.0	13	1238	33½	33	33½	+ ½
51⅞	31½	PPG	1.76	3.5	11	531	50½	49½	50⅛	+ ⅝
31½	19½	PSA	.60	2.4	12	102	25½	25¼	25⅜	— ⅛
23⅛	15¾	PSA dpf	1.90	9.0		5	21	21	21	+ ¼
14¾	12	PacAS	1.54	11.0		33	14¼	14	14	— ¼
20¼	15⅝	PacGE	1.84	9.6	7	1245	19⅝	19⅛	19¼	
46¾	37⅞	PacLtg	3.48	7.7	13	223	45⅝	45½	45⅝	— ⅛
41⅛	24½	PcLum	1.20	3.2	25	359	38¾	37¾	38	— ½
10⅝	5⅝	PacRes	.05e	.5	10	211	10⅛	10⅛	10⅛	— ⅛
20	13½	PacRs pf	2.00	10.2		101	19⅝	19½	19⅝	+ ⅛
17½	12⅝	PacScl	.40	2.8	13	27	14⅜	14⅜	14⅜	— ⅛
82¾	66⅝	PacTele	5.72	7.3	9	1431	78⅝	77⅞	78¼	
15	9¼	PacTin	.40	3.2	7	8	12½	12½	12⅝	+ ⅛
31⅛	24½	Pacifcp	2.40	8.2	8	426	29⅝	29⅛	29⅛	— ¼
36	30⅝	Pacif pf	4.07	11.6		15	35	34⅝	35	+ ¼
43⅛	25¼	PainWb	.60	1.8	19	501	33⅝	33⅛	33⅛	— ½
34⅛	25⅞	PainW pf	2.25	7.3		198	31½	30⅞	31	— ¼
39	32⅝	PalmBc	.90i		60	22	35⅜	35⅛	35⅛	— ⅛
42⅞	20¼	PanABk	.70	1.6	9	28	42⅝	42⅛	42½	
8⅝	4	PanAm				2499	8	7¾	7¾	— ¼
4	1¾	PanA wt				219	2¾	2⅝	2¾	+ ⅛
21	13⅝	Pandck n	.20	1.2	17	169	16¾	16½	16½	— ⅛
41½	32⅝	PanhEC	2.30	6.5	12	570	35⅞	35½	35½	— ⅜

[illegible]

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
32½	25	UnEl pf	3.50	11.5		30z	30½	30½	30½	+ ½
38	28¼	UnEl pf	4.00	11.0		100z	36½	36½	36½	—1½
59⅝	46	UnEl pf	6.40	11.0		5400z	58	58	58	+1
34⅝	28⅞	UnEl pfM	4.00	12.5		25	32⅛	31¾	32⅛	+ ⅜
72⅝	57	UEl pfL	8.00	11.1		200z	72	72	72	+2
28	21¾	UnEl pf	2.98	10.9		31	27⅜	27	27¼	+ ¼
20⅛	16½	UnEl pf	2.13	10.9		14	19⅝	19⅝	19⅝	— ⅛
26⅞	22⅝	UnEl pf	2.72	10.2		27	26⅝	26⅝	26⅝	+ ⅛
68	53	UnEl pf	7.44	11.1		200z	67¼	67¼	67¼	— ¾
72	56½	UEl pfH	8.00	11.9		40z	67	67	67	—1
24	21¾	UnExp n	.41e	1.9		173	21⅞	21⅜	21⅜	— ⅛
52¾	37½	UnPac	1.80	3.6	12	1707	50⅝	50	50⅛	— ⅜
115½	87¾	UnPc pf	7.25	6.6		81	111¾	109¾	109¾	—2¾
74	50	Unryl pf	8.00	11.1		330y	72	72	72	+2

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
3⅝	⅞	WtAir wt				707	2⅝	2½	2½	— ⅛
26½	11	WAir pf	2.00	8.6		13	23⅛	23	23⅛	+ ⅜
8⅛	1½	WCNA				557	2½	2⅜	2½	+ ⅛
51	16¾	WCNA pf	7.25	35.8		5	20¼	20	20¼	+ ¼
133	99¾	WPacI			11	4	133½	133	133½	+1
14¾	5⅝	WUnion				7353	15½	14⅝	15⅛	+ ⅝
44	24⅝	WnUn pf				1	41	41	41	
43	26	WnU pfC				5	45	43	43½	+ ½
7¼	2¼	WnU pfS				127	7¼	7	7⅛	+ ⅝
13¼	4⅝	WnU pfE				195	13½	13	13½	+ ½
43	20	WUTl pf				1	40	40	40	
15	5½	WUTl pfA				45	14½	14⅛	14⅛	+ ¼
46⅜	24	WstgE	1.20	2.6	14	11930	46⅛	45⅝	45⅝	— ⅝
41¾	34⅝	Westvc	1.32	3.2	11	225	41⅛	40⅝	40⅝	— ½

NYSE Highs-Lows

NEW HIGHS 112

[illegible]

NEW LOWS 16

[illegible]

AMEX Highs-Lows

NEW HIGHS 25

AmPubl s, Dawson 375p, IPM Tech, Nichlsl n, SDie 7⅞pf, TeleMx, Westbrne g, Blaks Mfg, ESI Ind, LehighPr s, PLM Fncl, Sbarro s, TolEd 7⅞pf, WorkWear, Courtaulds, Hannafrd s, Mattel Sao, PoliCorp, SmithAO B, Ultimate, CrwnCnPet, Hormel s, NWidPict n, PennTrf, SCE 230pf, ValleyRsc s

NEW LOWS 11

CSS Ind n, Murphylnd, Webbinv n, CenSec pfD, NatGasO, WienerEnt n, Elz Laved, SystEng s, Whitecola, Mich Genl, Tofu s

هكذا منه بالأصل

U.S. Futures

Via The Associated Press

Nov. 25

Season High | Season Low | Open | High | Low | Close | Chg.

Grains

WHEAT (CBT) 5,000 bu minimum- dollars per bushel [illegible]

CORN (CBT) 5,000 bu minimum- dollars per bushel [illegible]

SOYBEANS (CBT) 5,000 bu minimum- dollars per bushel [illegible]

SOYBEAN MEAL (CBT) 100 tons- dollars per ton [illegible]

SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs. [illegible]

Livestock

CATTLE (CME) 40,000 lbs.- cents per lb. [illegible]

FEEDER CATTLE (CME) 44,000 lbs.- cents per lb. [illegible]

HOGS (CME) 30,000 lbs.- cents per lb. [illegible]

PORK BELLIES (CME) 38,000 lbs.- cents per lb. [illegible]

Food

COFFEE C (NYCSCE) [illegible]

SUGARWORLD 11 (NYCSCE) 112,000 lbs.- cents per lb. [illegible]

COCOA (NYCSCE) 10 metric tons- $ per ton [illegible]

ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb. [illegible]

Currency Options

PHILADELPHIA EXCHANGE — Nov. 25

Option & Underlying | Strike Price | Calls—Last | Puts—Last

12,500 British Pounds-cents per unit. [illegible]

50,000 Canadian Dollars-cents per unit. [illegible]

62,500 West German Marks-cents per unit. [illegible]

6,250,000 Japanese Yen-100ths of a cent per unit. [illegible]

62,500 Swiss Francs-cents per unit. [illegible]

Total call vol. [illegible] Call open int. [illegible]
Total put vol. [illegible] Put open int. [illegible]
r—Not traded. s—No option offered.
Last is premium (purchase price).
Source: AP.

Metals

PLATINUM (NYME) [illegible]

PALLADIUM (NYME) [illegible]

To Our Readers

Some commodities prices were not available in this edition because of technical problems.

Financial

US T. BILLS (IMM) $1 million- pts of 100 pct. [illegible]

10 YR. TREASURY (CBT) [illegible]

US TREASURY BONDS (CBT) [illegible]

MUNICIPAL BONDS (CBT) [illegible]

CERT. DEPOSIT (IMM) [illegible]

EURODOLLARS (IMM) [illegible]

BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001 [illegible]

CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001 [illegible]

FRENCH FRANC (IMM) $ per franc- 1 point equals $0.00001 [illegible]

GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001 [illegible]

JAPANESE YEN (IMM) [illegible]

SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001 [illegible]

Industrials

LUMBER (CME) 130,000 bd. ft.- $ per 1,000 bd. ft. [illegible]

COTTON 2 (NYCE) [illegible]

HEATING OIL (NYME) 42,000 gal- cents per gal [illegible]

CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl. [illegible]

Stock Indexes

SP COMP. INDEX (CME) points and cents [illegible]

VALUE LINE (KCBT) points and cents [illegible]

NYSE COMP. INDEX (NYFE)
points and cents

Season High	Season Low		Open	High	Low	Close	Chg.
117.20	101.20	Dec	116.10	116.20	115.60	116.05	—.20
118.75	105.50	Mar	117.30	117.50	116.90	117.35	—.20
120.00	106.90	Jun	118.40	118.40	118.80	118.45	—.20
120.00	108.10	Sep	119.50	119.50	119.30	119.55	—.20

Est. Sales 7,206 Prev. Sales 9,114
Prev. Day Open Int. 8,489 off 3

MAJOR MKT INDEX (CBT)
points and eights

Season High	Season Low		Open	High	Low	Close	Chg.
277	249½	Dec	274¾	275½	273¾	274½	—⅞
277¾	270¼	Jan	275½	275¼	274¾	275	—1¼
278¾	271	Mar	277⅛	277⅛	275¾	276¾	—⅞

Est. Sales Prev. Sales 231
Prev. Day Open Int. 1,836 up 39

Commodity Indexes

	Close	Previous
Moody's	923.30 f	923.00 f
Reuters	1,717.00	1,722.30
D.J. Futures	121.68	121.40
Com. Research Bureau	226.80	227.00

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

Cash Prices

Nov. 25

Commodity and Unit	Mon	Year Ago
Coffee 4 Santos, lb.	1.55	1.38
Printcloth 64/30 38 ½ yd	0.74	0.80
Steel billets (Pitt.), ton	473.00	473.00
Iron 2 Fdry. Phila., ton	213.00	213.00
Steel scrap No 1 hvy Pitt.	73-74	88-89
Lead Spot, lb.	18-19	26-28
Copper elect., lb	66-68	67-70
Tin (Straits), lb	N.A.	6.0082
Zinc, E. St. L. Basis, lb	0.35	0.45
Palladium, oz	99-101	147
Silver N.Y., oz	6.28	7.475

Source: AP.

Paris Commodities

Nov. 25

	High	Low	Close Bid	Ask	Ch'ge
SUGAR French francs per metric ton					
Mar	1,428	1,410	1,413	1,415	—16
May	1,429	1,427	1,425	1,424	—12
Aug	N.T.	N.T.	1,465	1,475	—14
Oct	N.T.	N.T.	1,498	1,513	—10
Dec	N.T.	N.T.	1,520	1,538	—9
Mar	N.T.	N.T.	1,568	1,583	—18

Est. vol.: 1,735 lots of 50 tons. Prev. actual sales: 3,373 lots. Open interest: 26,534

	High	Low	Close Bid	Ask	Ch'ge
COCOA French francs per 100 kg					
Dec	1,895	1,890	1,885	1,930	+2
Mar	1,925	1,920	1,920	1,927	+7
May	N.T.	N.T.	1,945	—	+10
Jly	N.T.	N.T.	1,950	—	+10
Sep	N.T.	N.T.	1,960	—	+10
Dec	N.T.	N.T.	1,960	—	+10
Mar	N.T.	N.T.	1,970	—	+10

Est. vol.: 19 lots of 10 tons. Prev. actual sales: 4 lots. Open interest: 436

	High	Low	Close Bid	Ask	Ch'ge
COFFEE French francs per 100 kg					
Nov	N.T.	N.T.	—	2,100	Unch.
Jan	N.T.	N.T.	—	2,122	—15
Mar	2,141	2,140	2,137	2,144	—3
May	N.T.	N.T.	2,150	2,180	+5
Jly	N.T.	N.T.	2,180	2,220	Unch.
Sep	N.T.	N.T.	2,220	2,250	+5
Nov	N.T.	N.T.	2,225	—	+15

Est. vol.: 7 lots of 5 tons. Prev. actual sales 24 lots. Open interest: 322

Source: Bourse du Commerce.

DM Futures Options

W. German Mark-125,000 marks, cents per mark

Nov. 25

Strike Price	Calls-Settle Dec	Mar	Jun	Puts-Settle Dec	Mar	Jun
37	2.10	2.64	3.15	0.01	0.26	0.54
38	1.13	1.92	2.51	0.04	0.51	0.83
39	0.33	1.30	1.94	0.24	0.90	1.21
40	0.07	0.87	1.43	0.98	1.43	1.68
41	0.01	0.54	1.04	1.92	2.10	2.25

Estimated total vol. 6,396
Calls: Fri. vol. 5,063 open int. 41,682
Puts: Fri. vol. 1,306 open int. 25,618

Source: CME.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

United States

Smithfield Foods

2nd Quar.	1985	1984
Revenue	213.4	146.2
Net Income	(a)2.01	1.55
Per Share	—	0.52
1st Half	**1985**	**1984**
Revenue	401.8	277.3
Net Income	(a)1.38	0.82
Per Share	—	0.30

a: loss. 1985 nets exclude losses of $1.92 per share in quarter and of $1.66 in six months.

To Our Readers

Floating Rates Notes were not available in this edition because of technical problems.

Phones Planned For Translating

Reuters

TOKYO — Japan and Britain have agreed to jointly develop an automatic translation telephone that would act as an interpreter between telephone callers, according to a Japanese report.

The economic journal, Nihon Keizai Shimbun, said the accord was reached at a third round of talks Friday in London between Japanese and British government officials.

Asian Commodities

Nov. 25

HONG-KONG GOLD FUTURES
U.S.$ per ounce

	High	Low	Close Bid	Ask	Previous Bid	Ask
Nov	N.T.	N.T.	327.00	329.00	326.00	328.00
Dec	328.00	328.00	327.00	329.30	326.00	328.00
Jan	N.T.	N.T.	329.00	331.00	328.00	330.00
Feb	333.00	333.00	332.00	334.00	331.00	333.00
Apl	N.T.	N.T.	336.00	338.00	334.00	336.00
Jun	N.T.	N.T.	340.00	342.00	338.00	340.00
Aug	N.T.	N.T.	343.00	345.00	342.00	344.00
Oct	N.T.	N.T.	348.00	350.00	347.00	349.00

Volume: 22 lots of 100 oz.

SINGAPORE GOLD FUTURES
U.S.$ per ounce

	High	Low	Settle	Prev. Settle
Dec	N.T.	N.T.	327.00	329.60
Feb	N.T.	N.T.	331.10	333.70

Volume: 61 lots of 100 oz.

SINGAPORE RUBBER
Singapore cents per kilo

	Close Bid	Ask	Previous Bid	Ask
RSS 1 Dec	151.75	152.25	153.00	153.25
RSS 1 Jan	154.25	154.75	155.25	155.75
RSS 2 Dec	148.00	149.00	148.75	149.75
RSS 3 Dec	146.00	145.00	146.75	147.75
RSS 4 Dec	142.00	144.00	142.75	144.75
RSS 5 Dec	137.00	139.00	137.75	139.75

Source: Reuters.

S&P 100 Index Options

Nov. 25

Strike Price	Calls-Last Dec	Jan	Feb	Mar	Puts-Last Dec	Jan	Feb	Mar
165	—	—	—	—	1/16	1/16	—	—
170	24¼	—	—	—	1/16	1/16	⅛	—
175	19	19¼	19¾	—	1/16	⅛	¼	—
180	14⅛	14½	14⅞	16¼	1/16	¼	9/16	¾
185	9¼	9⅞	10¼	10⅞	3/16	¾	1⅛	1 7/16
190	4⅝	5⅞	6½	7⅛	1	1⅛	2½	2⅞
195	1⅝	3	3⅝	4⅝	3¼	4⅝	4⅞	5¼
200	½	1 5/16	2	2⅜	7	7⅝	8½	—
205	1/16	½	1	1⅛	—	—	12	—

Total call volume 120,477
Total call open int. 497,379
Total put volume 77,187
Total put open int. 459,384
Index:
High 194.79 Low 193.28 Close 193.69 — 1.10

Source: CBOE.

U.S. Treasuries

Nov. 25

	Discount Offer	Bid	Yield	Prev. Yield
3-month bill	7.22	7.20	7.42	7.44
6-month bill	7.30	7.28	7.64	7.67
1-year bill	7.34	7.32	7.81	7.81
	Bid	**Offer**	**Yield**	**Prev. Yield**
30-yr. bond	99 3/32	99 5/32	9.97	9.99

Source: Salomon Brothers.

Merrill Lynch Treasury Index: 133.35
Change for the day: + 0.04
Average yield: 9.23 %

Source: Merrill Lynch.

London Commodities

Nov. 25

	High	Low	Close Bid	Ask	Previous Bid	Ask
SUGAR Sterling per metric ton						
Dec	N.T.	N.T.	144.60	—	145.00	152.00
Mar	162.40	159.40	160.60	160.80	160.00	160.20
May	166.20	164.60	164.60	164.80	164.00	164.20
Aug	171.00	170.00	170.00	170.80	169.40	170.00
Oct	175.20	173.20	173.60	173.80	173.60	174.00
Volume: 1,447 lots of 50 tons.						
COCOA Sterling per metric ton						
Dec	1,662	1,652	1,662	1,664	1,658	1,660
Mar	1,736	1,697	1,705	1,706	1,705	1,707
May	1,727	1,719	1,726	1,727	1,727	1,730
Jly	1,744	1,740	1,742	1,743	1,746	1,749
Sep	1,762	1,758	1,760	1,762	1,765	1,770
Dec	1,757	1,750	1,755	1,760	1,763	1,765
Mar	1,770	1,768	1,769	1,771	1,768	1,780
Volume: 1,454 lots of 10 tons.						
COFFEE Sterling per metric ton						
Nov	1,840	1,821	1,821	1,826	1,825	1,835
Jan	1,885	1,848	1,871	1,872	1,862	1,865
Mar	1,920	1,890	1,913	1,914	1,899	1,900
May	1,950	1,935	1,957	1,950	1,936	1,940
Jly	1,970	1,956	1,970	1,975	1,960	1,965
Sep	1,999	1,987	1,997	2,000	1,985	1,990
Nov	2,020	2,020	2,020	2,025	2,020	2,025
Volume: 2,384 lots of 5 tons.						
GASOIL U.S. dollars per metric ton						
Dec	284.00	282.00	282.75	283.25	280.50	280.75
Jan	279.00	276.50	278.00	278.25	275.75	276.00
Feb	272.00	269.25	270.50	271.00	268.50	268.75
Mar	259.50	257.50	258.00	258.25	257.75	258.00
Apl	249.50	249.50	247.50	247.75	247.25	247.50
May	239.75	238.75	238.00	239.00	238.00	238.50
Jun	235.00	233.25	233.25	233.75	233.00	233.25
Jly	235.00	232.50	232.50	232.75	232.50	233.00
Aug	N.T.	N.T.	230.00	240.00	230.00	240.00
Volume: 2,768 lots of 100 tons.						
CRUDE OIL (BRENT) U.S. dollars per barrel						
Jan	30.15	30.00	30.10	30.15	29.90	29.95
Feb	29.20	29.20	29.15	29.30	29.05	29.20
Mar	N.T.	N.T.	28.10	28.80	28.25	28.49
Apl	N.T.	N.T.	27.80	28.30	27.60	28.60
May	N.T.	N.T.	27.00	28.10	27.70	28.20
Jun	N.T.	N.T.	26.20	27.90	27.80	28.50
Volume: 33 lots of 1,000 barrels.						

Sources: Reuters and London Petroleum Exchange (gasoil, crude oil).

London Metals

Nov. 25

	Close Bid	Ask	Previous Bid	Ask
ALUMINUM Sterling per metric ton				
Spot	668.00	669.00	676.00	677.00
Forward	692.00	692.50	699.00	700.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	948.00	949.00	944.00	945.00
Forward	967.00	967.50	962.50	963.00
COPPER CATHODES (Standard) Sterling per metric ton				
Spot	927.00	930.00	924.00	925.00
Forward	947.00	950.00	943.00	945.00
LEAD Sterling per metric ton				
Spot	263.00	264.00	267.50	268.50
Forward	271.50	272.00	275.50	276.00
NICKEL Sterling per metric ton				
Spot	2740.00	2745.00	2760.00	2770.00
Forward	2770.00	2775.00	2775.00	2785.00
SILVER Pence per troy ounce				
Spot	425.00	427.00	425.00	426.00
Forward	438.00	439.50	437.50	438.00
TIN (Standard) Sterling per metric ton				
Spot	Susp.	Susp.	—	—
Forward	Susp.	Susp.	—	—
ZINC Sterling per metric ton				
Spot	401.00	403.00	407.00	409.00

Source: AP.

Dividends

Nov. 25

Company	Per	Amt	Pay	Rec
EXTRA				
Kelsey-Hayes Can.	-	.50	1-2	12-6
INCREASED				
Natl Health Corp	Q	.08 ½	12-6	12-2
Student Ln Mktg	Q	.06	12-12	12-3
INITIAL				
Central Bncshrs Sth	Q	.19	1-1	12-16
OMITTED				
Key Pharmaceuticals				
LTV Corp				
Middle South Utils				
STOCK				
Triangle Corp	-	10 PC	12-31	12-12
United Bankers	-	10 PC	1-24	12-27
STOCK SPLIT				
Comarco Inc — 3-for-2				
Nuvision Inc — 3-for-2				
Pall Corp — 3-for-2				
USUAL				
BellSouth Corp	Q	.70	2-1	1-10
Calny Inc	Q	.04	12-10	12-3
Detroit Edison	Q	.42	1-15	12-5
Eastover Corp	Q	.50	8-16	8-6
x-Eastover Corp	Q	.50	1-3	12-17
Hazleton Labs	Q	.08	1-15	12-31
Jacobson Stores	Q	.12 ½	1-15	12-20
Kan. City Sthrn Ind	Q	.27	12-31	12-4
Telon Ranch	-	$1.00	12-23	12-13
Tanka Corp	Q	.02 ½	1-3	12-16
Wiser Oil Co	Q	.15	12-10	12-2

x-correcting pay and record dates

a-annual; m-monthly; q-quarterly; s-semi-annual

Source: UPI.

Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

12 Month High	Low	Stock	Div.	Yld	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
		A								
6⅝	3⅞	ADI n			53	135	4⅜	4	4¼	
18	5¾	AL Lab s	.16	1.0	18	24	16½	15¾	16	— ⅛
14⅞	8	AMC s			15	7	10⅝	10⅜	10⅜	— ¼
5⅝	2½	AM Intl			10	1225	5	4¾	4⅞	— ⅛
4	3⅜	AOI n				132	3⅝	3⅜	3⅜	— ⅛
88⅝	69	ATT Fd	5.57e	6.4		78	87¼	86⅞	86⅞	— ⅜
11½	9¼	AcmeU	.32	3.1	29	17	10⅝	10¼	10¼	— ⅜
14¼	9¾	Action			14	96	11⅝	11½	11½	— ⅛
5⅝	1⅛	Acton				43	1⅝	1¼	1¼	— ¼
4¾	1½	AdmRs			8	19	2¾	2⅝	2¾	
30¼	22¾	AdRusl	.16	.6	18	14	26⅞	26½	26⅞	+ ⅛
8	3⅜	Aeronc				29	3¾	3⅝	3⅝	— ¼
52¼	29½	AfilPb s	.60	1.2	22	19	52½	51½	51½	— ½
8¼	5⅛	AirExp				37	7⅝	7¼	7⅜	— ⅛
12	6	AirCal			10	239	8½	8¼	8⅜	

France Is Expected to Block CGE-AT&T Accord

By Axel Krause
International Herald Tribune

PARIS — The French government appears determined to withhold approval of a proposed telecommunications agreement between state-owned Cie. Générale d'Electricité and American Telephone & Telegraph Co., French industry and government sources said Monday. Such an agreement would greatly strengthen each company's position in the other's domestic market.

Next Saturday is the deadline for a government decision on the agreement, and there were reports that a last-ditch effort was being made to save the accord, or if that failed, to lay the groundwork for new talks.

"The situation is disquieting for CGE and its American partner, but it certainly looks as if the government wants the agreement in its present form to die quietly," a government source said. Le Monde, the Paris newspaper, said in its editions dated Tuesday that the government would probably refrain from taking any action on the proposed agreement, which it described as "definitively compromised."

Under terms of a preliminary agreement signed earlier this year, AT&T would help market CGE's telecommunications-switching equipment in the United States. Sales of this equipment could reach a total volume of $100 million over three years, according to press reports quoting AT&T.

The U.S. company would, in return, get government approval for a plan under which AT&T would obtain a share of about 16 percent in the French market for digital equipment. That would be accomplished by AT&T's licensing its technology to another state-owned ailing company, Cie. Générale de Constructions Téléphoniques. CGCT, a former subsidiary of ITT Corp., was nationalized in 1982. Negotiations about the AT&T stake have been under way for about six months.

If an agreement between CGE and AT&T does not materialize, industry sources said, it would represent a major blow to Georges Pébereau, chairman of CGE, who had initiated the talks in an effort to expand the company's telecommunications affiliate, CIT Alcatel, in the United States.

A failure also would represent a major blow to AT&T, which has been working with Philips NV, the Dutch electronics company, in a venture to jointly produce digital telephone switches throughout Western Europe and generally expand in the telecommunications field outside the United States. The agreement with CGE was viewed as a key step in that strategy.

The objections to the agreement have centered mainly on the future of CGCT. Trade union officials have asserted that the agreement would lead to a breakup of the group, which employs about 7,000 people. CGCT, which is heavily in debt, and has been heavily subsidized for the past several years,

Georges Pébereau

reported a net loss of 997 million francs (about $127.8 million at current exchange rates) in 1984, and expects to report a larger loss this year, industry sources said.

French government officials also have expressed reluctance to sign an agreement with a large U.S. company in a sensitive sector like telecommunications, when Paris was seeking agreement from its West European allies to support the Eureka program, which aimed at stimulating cooperation in high technology among European countries.

According to a West European diplomatic official who is following the talks, opinion has been divided within the French government about whether a CGE-AT&T agreement should go ahead.

An Industry Ministry spokesman on Monday said that CGE and AT&T were free to continue their talks, adding that "nothing is settled." A spokeswoman for Mr. Péberean said the company would not comment, while a spokesman for ATT&T-Philips said that "we have no reason to be pessimistic. The negotiations are still going on as far as we are concerned."

U.S. Airlines Fear Hard Times Ahead

(Continued from Page 15)

jor airlines have not followed the Delta move, however.

The industry has had good traffic growth for most of the year, with an average increase of 13 percent in the first eight months over a similar period in 1984. The rate of increase slowed in September, however, to 4.6 percent, and to 5.1 percent in October.

Some analysts and executives predicted that traffic would continue to weaken in 1986's first quarter. Mr. Ferris of United said that for the industry as a whole, traffic would grow only 4 percent in 1986.

Julius Maldutis, an airline analyst at Salomon Brothers, said that the lower rate of increase had already caused "the fare structure to become unglued." He cited Continental Airlines' $99 one-way fare from Newark, New Jersey, to most of its Western destinations, announced in October as part of its competition with People Express.

The low fares are putting pressure on the fares of transcontinental flights offered by other carriers, Mr. Maldutis said. That could lead to $99 fares in those markets, as occurred in the first quarter of 1973, he added.

Mr. Ferris also predicted that the first quarter of 1986 could resemble the first quarter of 1983, when there were widespread fare wars and many airlines had heavy losses.

Another factor expected to lead carriers to cut fares is the expansion in capacity stemming from the delivery of new planes. The expansion is also tied to two-tier wage contracts in effect at some of the airlines. Under these contracts, new employees are hired at much lower wage rates, giving the airlines an incentive to expand the work force.

Mr. Ferris forecast that industry capacity would increase 9 percent next year. United, he said, planned a rise of 7 percent to 10 percent.

When asked why United would add so much capacity in the face of much lower traffic growth, Mr. Ferris said that the carrier wanted to get back its market share. It lost some of its share because it held off expansion until it got two-tier wage contracts with its unions, including its pilots. The pact with the pilots ended a costly strike last summer. United's share of industry capacity fell to 12.3 percent in the third quarter this year, from 15.2 percent in the first quarter of 1984. By the end of 1987, Mr. Ferris said, a crew for a Boeing 727 will cost about $190 per hour, down 30 percent from present levels. By 1990, 41 percent to 45 percent of United's pilots will be paid at the lower rate, he added.

Therefore, there are strong incentives for major carriers to expand even though there is little growth in traffic. Mr. Ferris predicted that this would lead "to excess capacity in the marketplace" and "price battles with virtually every competitor."

Soviet Union Raises Prices Of Oil Again

Reuters

LONDON — The Soviet Union has again raised the price of its oil, this time by between 40 and 55 cents a barrel, to bring it up to levels on the free or spot market, contract customers said Monday.

The price rise brings the price of Soviet blend to $28.00 for Mediterranean delivery in December and $28.15 for northwest Europe.

The increases follow a 70-cent increase in November to $27.60 a barrel.

Crude oil prices have risen sharply on the spot market in recent weeks, reflecting the cold snap in Europe and restocking by companies in time for the northern hemisphere's winter, which usually brings increased demand for heating oils.

Soviet energy prices have also been rising steadily to reflect a shortage of supplies to the West. Cargoes to northwest Europe have recently commanded a premium of 15 cents a barrel, traders noted.

Soviet oil production during the first 10 months of this year totaled 495 million tons, down 3 percent, or 17 million tons from the year-earlier period, Western figures show.

In Oslo, industry sources said Statoil, Norway's state oil company, hoped to increase its December crude price by as much as $2 a barrel when it meets contract buyers next week.

That would take Statoil's crude price above $30 a barrel for the first time since it independently cut its prices in October 1984 in reaction to discounting by producers in the Organization of Petroleum Exporting Countries and others.

The price for Statoil's three grades of crude, Brent, Ekofisk and Statfjord, is between $27.90 and $28.30 a barrel in November, the sources added. Statoil fixes its prices on a monthly basis.

CURRENCY MARKETS

Dollar Declines in U.S., Europe

Compiled by Our Staff From Dispatches

NEW YORK — The dollar was mixed Monday in the United States after falling in Europe against most major currencies.

After hitting its lowest level in five years against the yen in Tokyo, the U.S. unit dropped to a 20-month low against the Deutsche mark in Frankfurt.

Traders in New York said the dollar's main losses came in the Far East and Europe, reflecting Friday's retreat by the U.S. currency in the United States.

"The dollar has broken through some psychological levels and it wouldn't be surprising to see it gently erode a bit further," said David Palmer, senior vice president at First American Bank of New York, referring to the slide to below the 200-yen level.

Mr. Palmer noted that the agreement by the Group of Five industrialized countries on concerted action to bring down the dollar from record levels seems to be having some effect.

In New York, the dollar ended at 2.5633 DM, down from 2.5650 DM on Friday.

The British pound was unchanged against the U.S. currency, at $1.4655.

Other New York dollar rates were: 7.8080 French francs, down from 7.8150 francs; 2.1000 Swiss francs, up from 2.0990 francs; and 200.65 Japanese yen, down from 200.85 yen.

The dollar dipped to 199.80 yen in Tokyo, its lowest level in five years, before recovering to close at 200.35 yen, down from 201.15 on Friday.

The fall continued in Europe when the dollar opened lower against major currencies. The U.S. unit fell to its lowest level against the mark in more than 20 months. It was fixed in Frankfurt at 2.564 DM, down from 2.5852 DM on Friday.

Dealers in Tokyo and London said the bearish dollar was largely the result of predictions of a cut in the U.S. discount rate and a slowdown in the American economy.

Traders in Frankfurt also supported this assessment.

The dollar, they added, was being undermined by an expectation that an accord on the American budget will be reached soon by Congress.

In London the pound ended at $1.463, up from $1.4555.

The U.S. unit was fixed in Paris at 7.814 French francs, down from 7.8785 francs on Friday.

The dollar closed in Zurich at 2.1013 Swiss francs, down from 2.1183 francs on Friday.

(UPI, Reuters)

THE EUROMARKETS

Italy and Thailand Launch Big FRN Issues

By Davis Rees
Reuters

LONDON — Italy and Thailand launched large and tightly priced floating-rate-note issues Monday, for $500 million and $300 million, respectively, in an otherwise listless session that saw most Eurobond prices close little changed, dealers said.

Both issues won fairly lukewarm receptions, as investor attention began to shift to trimming portfolios ahead of year's end, dealers said. In addition, they said that the tight pricing of both notes made earlier Italian and Thai issues look more attractive to investors.

The Italian issue pays the mean of the six-month London interbank bid and offered rates over its 15-year life, with an investor put option after seven years. It closed at 99.54, just inside total fees of 50 basis points. The issue is due 2005 and pays 1/16 point above the one-month London interbank offered rate.

Meanwhile, Thailand's $300-million issue of 20-year notes paying ⅛ over six-month Libor closed at 99.70 to 99.71, just inside total fees of 32 basis points. "This was way too tight, and with Thailand's issues earlier this year, a lot of people just don't have the lines available to take on more paper," said one dealer.

Dealers said borrowers showed renewed interest in the sterling floating-rate-note sector, which Monday saw Citicorp Finance PLC come to the market with a £150-million issue paying 10 basis points above three-month Libor over 12 years.

Dealers said investor demand for sterling notes has picked up recently, particularly from Britain and multinational corporations looking to boost yields on sterling investment portfolios.

Dealers said the currency's recent strength has been buoying both floating-and fixed-rate sterling Eurobonds, noting that prices of seasoned issues Monday finished as much as ⅜ point firmer. British government bond prices ended about 9/16 firmer.

Meanwhile, the Citicorp issue, which was lead-managed by Citicorp Investment Bank Ltd., closed at around 99.83, inside total fees of 25 basis points.

In other new-issue activity, Société Nationale des Chemins de Fer launched a 20.2-billion yen, 8-percent dual-currency bond due 1995 priced at 101½, while Heron International Finance BV issued a 60-million-European-currency-unit, 9⅝-percent bond due 1997.

Monday's OTC Prices

NASDAQ prices as of 3 p.m. New York time.
Via The Associated Press

12 Month High	12 Month Low	Stock	Div.	Yld.	Sales in 100s	High	Low	3 P.M.	Net Ch'ge
X									
7½	1⅞	Xebec			574	2⅝	2¾	2⅝	— ⅛
13¾	5⅝	Xicor			158	8⅛	7⅞	7⅞	— ⅛
17⅞	10¼	Xidex			1522	14⅝	14¼	14⅝	+ ⅛
25⅛	14¼	YlowF s	.54	2.2	444	25⅛	24¾	24⅞	— ⅛
30½	5½	ZenLb s	.10t	.4	707z	24¾	24⅛	24½	— ¼
13¾	10½	Ziegler	.48a	3.6	20	13¼	12¾	13¼	+ ¼
45	31	ZionUt	1.36	2.1	104	44	43¾	44	
5⅞	1⅞	Zitel			155	2⅞	2½	2½	— ⅛
9⅝	3⅞	Ziyad			22	6⅛	6	6⅛	+ ⅛
15¾	6½	Zondvn	.08i	.7	62	11½	11⅛	11¼	

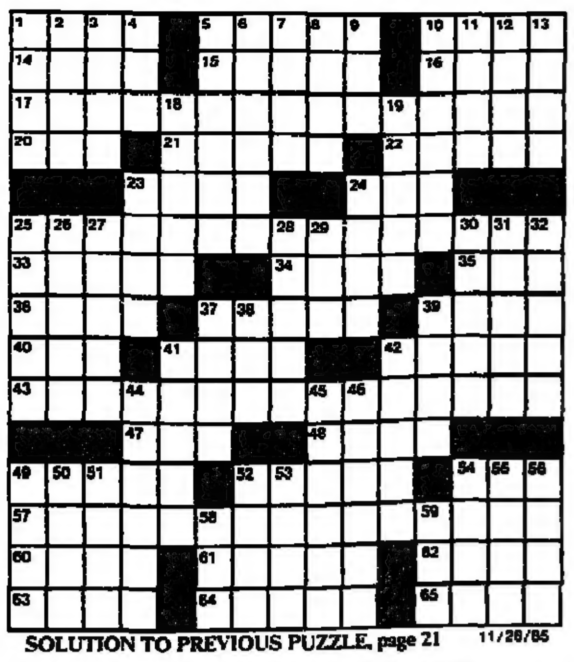
Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s)./l
b — annual rate of dividend plus stock dividend./l
c — liquidating dividend./l
cld — called./l
d — new yearly low./l
e — dividend declared or paid in preceding 12 months./l
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

Solution to Previous Puzzle

J	A	B	S			F	A	D	E		A	R	A	L
E	L	L	A		O	I	L	E	R		V	A	D	E
F	O	U	R		G	R	E	E	N	B	E	R	E	T
F	E	E	D	E	R	S		D	E	A	R	E	S	T
		R	I	V	E	T	S		S	R	S			
R	E	I	N	E		S	A	L		D	E	B	A	R
E	M	B	E	R	S		P	E	A			R	I	E
L	O	B	S	T	E	R		A	L	A	M	O	D	E
E	T	O			T	I	P		F	L	A	W	E	D
T	E	N	O	R		M	A	T		L	I	N	D	Y
			B	A	G		S	E	C	O	N	D		
A	P	P	E	A	R	S		R	A	T	T	E	E	N
G	R	A	Y	B	O	N	N	E	T		A	R	G	O
R	O	L	E		W	A	N	T	S		I	B	I	S
A	P	E	D		S	P	E	E			N	Y	S	E

11/26/85



SOLUTION TO PREVIOUS PUZZLE, page 21 11/26/85

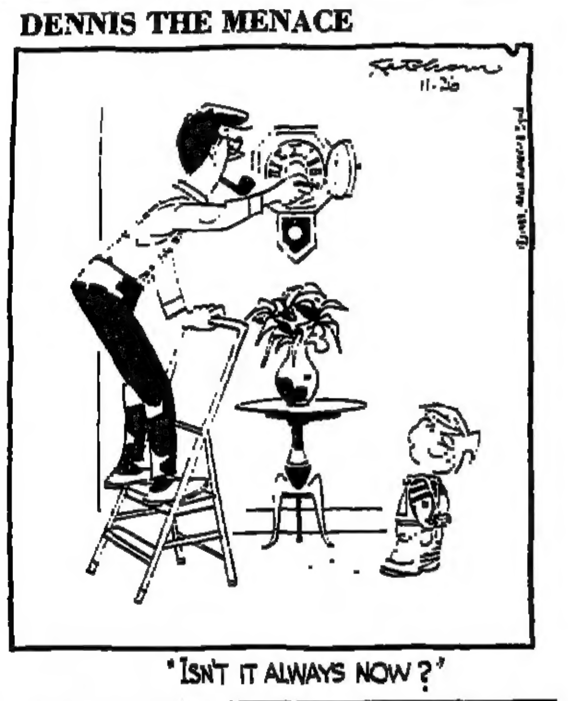
ACROSS

1 Rice U. team
5 Flying machine
10 Forehead
14 Bring up
15 Added rapidly
16 Midianite king
17 Bird of the Golden State
20 Alias: Abbr.
21 July 16, 1945, event
22 Vacant
23 Served winningly
24 Hasten
25 Maryland's state bird
33 Inspire
34 Siberian city
35 Existed
36 Chem rooms
37 Rainbow or steelhead
39 Intends
40 Shelley's "—— to the West Wind"
41 Departs
42 "——, Get Your Gun"
43 Alaska's state bird
47 Age
48 Ruler on Olympus
49 "—— Up, Doc?": Streisand film
52 Author of "Endymion"
54 "Bali ——"
57 New York's *state bird*
60 To the sheltered side
61 Venturous one
62 Mars: Comb. form
63 Laugh loudly
64 Pro-wrestling sound
65 Duck or color

DOWN

1 Whale of film fame
2 Diluted
3 Tra-——
4 —— Lanka
5 For the time being
6 Rio Grande city
7 Harding and Blyth
8 Night, in Nice
9 Clean-air-and-water agcy.
10 Sultanate in Borneo
11 Actual
12 Theater prize
13 Disney or Kelly
18 Prima —— (on first view)
19 Peculiar trait
23 Some corp. employees
24 Emcee
25 Under
26 "When I was —— served a term . . .": W. S. Gilbert
27 Tag
28 Perch
29 Flightless bird
30 —— to (because of)
31 Sorceress
32 Ruhr city
37 Burg
38 Agt.
39 Black cuckoos
41 Honker on high
42 Entertain
44 Missive
45 Shrub of the heath family
46 Profit
49 Last
50 Aureole or gloriole
51 On the Red
52 Growth on a tree trunk
53 *Spain's longest river*
54 Employ
55 Piece of ground
56 Baal or Mammon
58 One of the three R's
59 Flying mammal

DENNIS THE MENACE



"ISN'T IT ALWAYS NOW?"

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

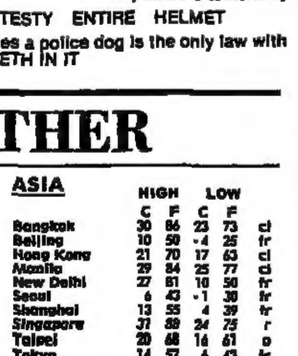
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

HOCEK

LURTY

CALAPE

RERROT



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Yesterday's | Jumbles: FRIAR TESTY ENTIRE HELMET
Answer: Sometimes a police dog is the only law with this—TEETH IN IT

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	15	59	12	54	sh
Amsterdam	4	39	0	32	o
Athens	17	63	—	—	r
Barcelona	11	52	5	41	o
Belgrade	5	41	3	37	r
Berlin	1	34	0	32	sw
Brussels	1	34	-2	28	fo
Bucharest	6	43	2	36	r
Budapest	5	41	4	39	r
Copenhagen	3	37	-2	28	fr
Costa Del Sol	13	55	11	52	r
Dublin	6	43	3	37	cl
Edinburgh	5	41	1	34	o
Florence	11	52	-2	28	cl
Frankfurt	2	36	-1	30	sw
Geneva	1	34	0	32	o
Helsinki	-1	30	-2	28	sw
Istanbul	17	63	12	54	cl
Las Palmas	24	75	18	64	cl
Lisbon	10	50	9	48	r
London	6	43	3	37	sh
Madrid	6	43	3	37	o
Milan	6	43	3	37	cl
Moscow	-6	21	-7	19	sw
Munich	-1	30	-4	25	sw
Nice	11	52	7	45	o
Oslo	1	34	-5	23	cl
Paris	2	36	0	32	o
Prague	1	34	-2	28	sw
Reykjavik	0	32	-1	30	fo
Rome	12	54	2	36	r
Stockholm	0	32	-2	28	sw
Strasbourg	1	34	-2	28	cl
Venice	7	45	1	34	fr
Vienna	1	34	0	32	sw
Warsaw	1	34	0	32	sw
Zurich	0	32	-1	30	o
MIDDLE EAST					
Ankara	7	45	0	32	r
Beirut	—	—	—	—	na
Damascus	19	66	5	41	o
Jerusalem	19	66	12	54	o
Tel Aviv	22	72	13	55	cl
OCEANIA					
Auckland	19	66	13	55	sh
Sydney	22	72	18	64	r

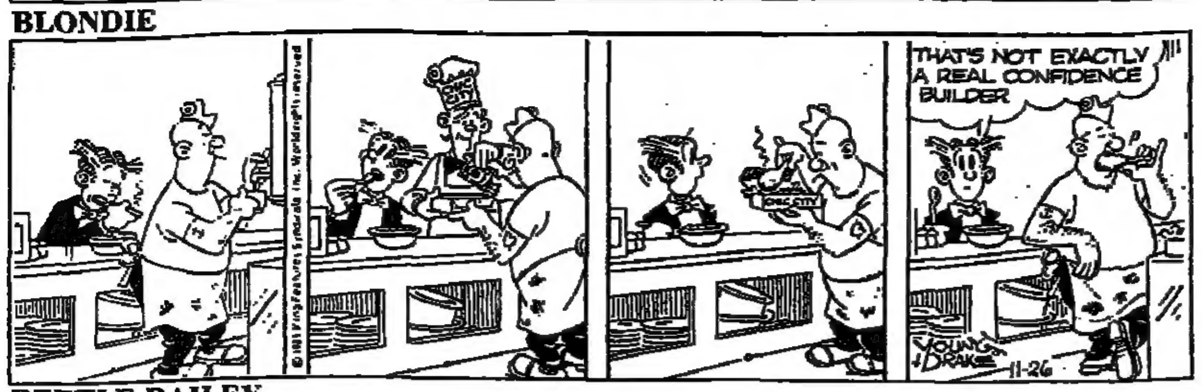
ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	30	86	23	73	cl
Beijing	10	50	-4	25	fr
Hong Kong	21	70	17	63	cl
Manila	29	84	25	77	cl
New Delhi	27	81	10	50	fr
Seoul	6	43	-1	30	fr
Shanghai	13	55	4	39	fr
Singapore	31	88	24	75	r
Taipei	20	68	16	61	o
Tokyo	14	57	6	43	fr
AFRICA					
Algiers	17	63	9	48	o
Cairo	26	79	17	63	cl
Cape Town	25	77	17	63	fr
Casablanca	17	63	10	50	cl
Harare	28	82	16	61	cl
Lagos	—	—	—	—	na
Nairobi	23	73	13	55	cl
Tunis	16	61	8	46	cl
LATIN AMERICA					
Buenos Aires	—	—	—	—	na
Caracas	18	64	4	39	cl
Lima	24	75	20	68	o
Mexico City	25	77	0	32	cl
Rio de Janeiro	—	—	—	—	na
NORTH AMERICA					
Anchorage	-8	18	-15	5	fr
Atlanta	20	68	5	41	pc
Boston	5	41	-1	30	fr
Chicago	1	34	1	34	r
Denver	8	46	-10	14	pc
Detroit	3	37	-6	21	pc
Honolulu	26	79	21	70	r
Houston	26	79	21	70	cl
Los Angeles	15	59	12	54	r
Miami	28	82	21	70	fr
Minneapolis	-5	23	-14	7	o
Montreal	3	37	-2	28	fr
Nassau	28	82	20	68	pc
New York	7	45	1	34	pc
San Francisco	14	57	8	46	pc
Seattle	-2	28	-8	18	sw
Toronto	1	34	-1	30	cl
Washington	13	55	4	39	cl

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

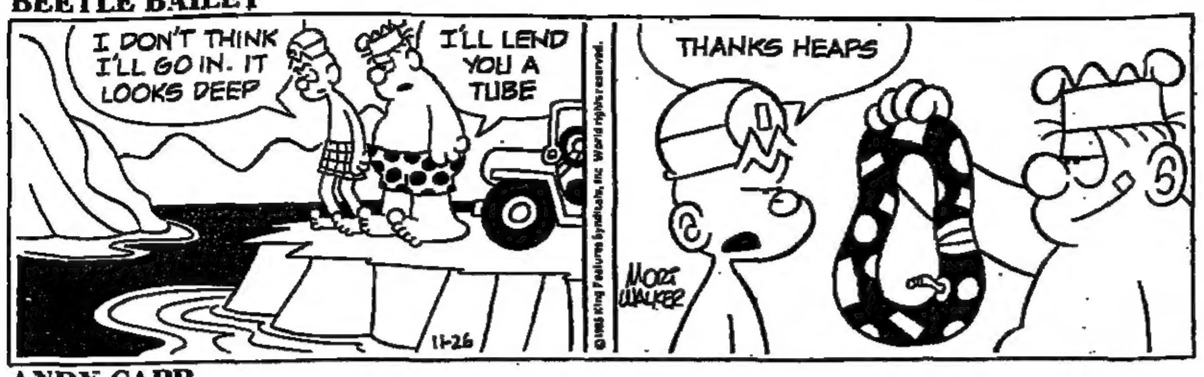
TUESDAY'S FORECAST — CHANNEL: Rough. FRANKFURT: Foggy. Temp. 0 — -2 (32 — 28). LONDON: Showers. Temp. 4 — 0 (39 — 32). MADRID: Rain. Temp. 0 — -1 (32 — 30). NEW YORK: Rain. Temp. 9 — 4 (48 — 39). PARIS: Overcast. Temp. 0 — -1 (32 — 30). ROME: Cloudy. Temp. 14 — 5 (57 — 41). TEL AVIV: Na. ZURICH: Foggy. Temp. 0 — -2 (32 — 28). BANGKOK: Foggy. Temp. 32 — 24 (90 — 75). HONG KONG: Cloudy. Temp. 21 — 16 (70 — 61). MANILA: Showers. Temp. 31 — 24 (88 — 75). SEOUL: Snow. Temp. 7 — -3 (45 — 27). SINGAPORE: Thunderstorms. Temp. 31 — 24 (88 — 75). TOKYO: Fair. Temp. 13 — 6 (55 — 43).

PEANUTS

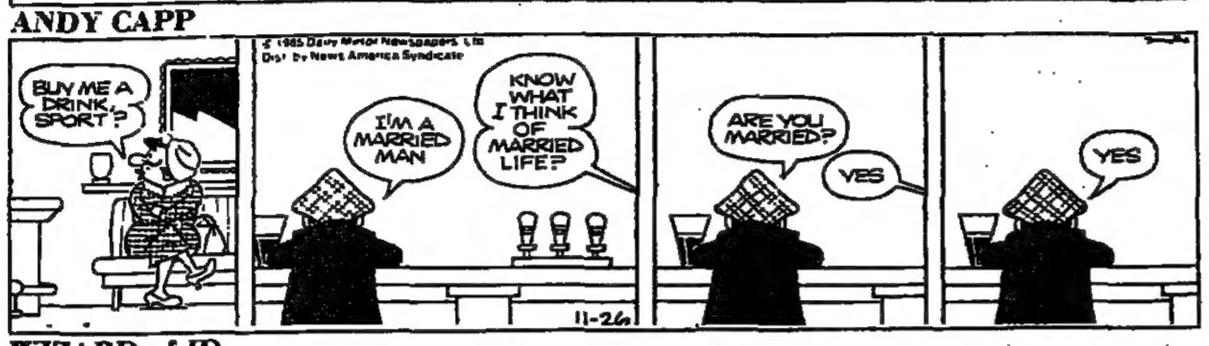
BLONDIE



BEETLE BAILEY



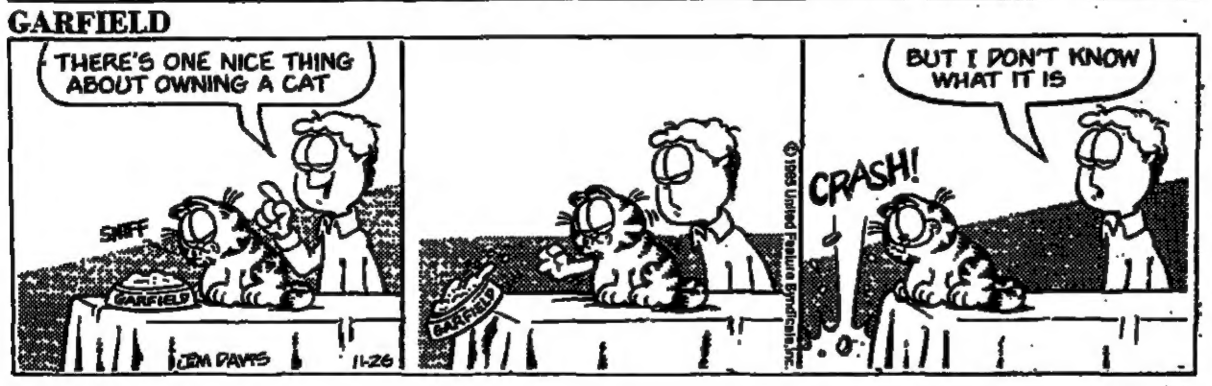
ANDY CAPP



WIZARD of ID

REX MORGAN

GARFIELD



BOOKS

LA TRISTESSE DE ST. LOUIS: Swing Under the Nazis

By Mike Zwerin. 197 pages. £13.95. Quartet Books, 27 Goodge Street, London W1.

Reviewed by Leonard Feather

CAVEAT: This title is misleading. "Jazz Under the Totalitarians" might have been closer, since the author deals at length with Eastern Europe in 1985, but even this would have been a misnomer, *for once beyond the* halfway mark you find that about a third of the footage is devoted to Django Reinhardt before, under and after the Nazis.

Zwerin has a rationalization. "The present," he observes, "clarifies the past." And so we have an entire chapter devoted to the author's recent visit to South Africa leading a jazz quartet under U. S. auspices, and an explanation of why he had no reservations about it. ("The boycott laws provide for atonement by writing and/or speaking out about the truth of this evil system, the most evil system since Nazi Germany, which I am doing.")

We have, too, a report on the use of dope at jazz events in Poland in *the 1980s*, and a sudden and totally irrelevant put-down of the guitarist and singer George Benson, who was 2 years old when the Nazis were defeated. We have inexplicable factual foul-ups, such as the placing in Paris, after World War II began, of Duke Ellington (he had gone home months earlier) and Stéphane Grappelli (who remained in England throughout the war).

All this having been said, "La Tristesse de Saint Louis" remains an absorbing work, providing additional evidence that Zwerin — a trombonist and a writer for the International Herald Tribune on popular music and jazz — is among the two or three most perceptive and readable authors on jazz, as we learned in his autobiographical "Close Enough For Jazz." A little egocentric, yes, with a tendency to remind us too often how many kilos he lost while writing the present book. He is discursive, using too many flashbacks and flashforwards; yet Zwerin's idiosyncratic way of telling these intermingled stories seldom wanders too far afield.

The glue that holds these pages together is the passages devoted most closely to the theme supposedly at hand. When Zwerin interviewed subjects who lived in Germany, occupied France or Poland during the war years, he elicited information of which most of us were only vaguely aware.

His research was neither as well-organized nor as extensive as that in *S. Frederick Starr's* "Red & Hot: The Fate of Jazz in the Soviet Union," the subject matter of which overlaps slightly with Zwerin's. Like Starr, Zwerin makes the point that totalitarianism of either the left or right is incompatible with a love of jazz. We learn how certain Gestapo officers mellowed a *little when* they dealt with an enemy who shared their concern for swing music. The thin line separating the bandstand from the concentration camp could be strengthened *if* the subject played good saxophone or had some Count Basie records to trade.

The obscene absurdities of those years come to light: "You could buy Benny Goodman records until 1938," a German fan says, "then somebody must have realized he was Jewish. After that you could buy Artie Shaw records because they did not know his real name was Arshawsky."

Some of Zwerin's dramatis personae are fascinating: the bandleader *George Scott*, whose mother was Polish and whose father was black, who, without collaborating, somehow ingratiated himself with the Nazis in Warsaw, attracting uniformed officers to his club; the trumpeter Bronislaw Stasiak, who led a jazz band in Auschwitz; Wieslaw Machen, leader of a group *in the Flossenbürg* camp ("There were six of us. We could get half a loaf of bread, some marmalade and a few cigarettes. Thanks to music, I not only survived the war but I became a professional bass player").

The "jazz saved my life" theme is a recurrent motif. The subject of Zwerin's most extraordinary interview is a former SS man, Heinz Baldauf, who shows the author a series of letters testifying to his alleged kindness. One was from a youth whose apartment was raided by Baldauf while the young man was listening to a banned radio station during a party. "Mr. Baldauf asked me to come into the next room and said, 'Mr. Haas, you are a half-Jew. This could mean real trouble for you, so I will overlook the matter of the radio station; it will not be written into my report.' The result was that I was not punished, and until today I am thankful for his humanity."

As Zwerin wryly observes: "Is it possible? A good Gestapo officer? A nice SS man?" The interview ends with Baldauf whistling a few bars *from* "Take the A Train" and asking Zwerin to send stamps for his stamp collection.

This episode and others no less engrossing make "La Tristesse de Saint Louis" indispensable reading.

Leonard Feather, jazz critic of the Los Angeles Times, wrote this review for the International Herald Tribune.

CHESS

By Robert Byrne

THE 25-year-old West German grandmaster Eric Lobron has competed only twice in New York and both times has taken first prize.

Lobron unveiled an extraordinary counterattack in the French Defense in his eighth-round encounter with Israeli grandmaster Yehuda Gruenfeld.

A fairly common position was reached after 10 NxN, whereupon Lobron took up an old suggestion of Boris Spassky, 10 . . . B-Q2, instead of 10 . . . P-QR3 or 10 . . . B-K2. Indeed, this 10 . . . B-Q2 had been played earlier this year in the Soviet Union *in a game between* Andrei Sokolov and Sergey Smagin, but after 11 P-QN3, Smagin reverted to standard play with 11 . . . B-K2. It was only afterward that he suggested the adventurous 11 . . . 0-0-0-!?, which Lobron bravely put into practice in this game.

Since neither king was well defended, a donnybrook was likely.

On 13 . . . P-KR4, simplification with 14 N-N5, BxN; 15 BxB was not an entirely satisfactory solution, since 15 . . . N-N5; 16 P-N3, B-B4! (17 BxP?!, KR-N1; 18 B-N2, P-R5!) keeps up strong pressure against the white kingside.

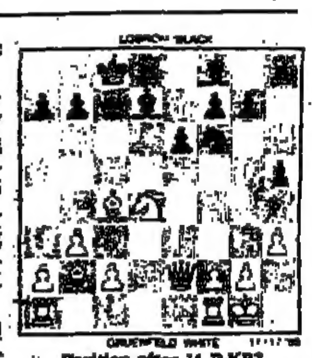
On the other hand, Gruenfeld's 14 P-KR3 did not really impede Lobron from charging to the attack with 14 . . . N-N5! Taking the piece with 15 PxN, PxP; 16 P-N3 would create the chance for the winning 16 . . . B-B4!; 17 QR-Q1, B-B3; 18 P-KB3 WxPch; 19 Q-N2, Q-B5.

In this same hypothetical line, 16 P-B4 would not be much better. For example, 16 . . . PxPe.p; 17 NxBp, B-B3; 18 B-K5, B-B4ch; 19 R-B2, BxN, 20 PxB, BxRch; 21 KxB, Q-K2!; 22 B-N3, R-R6; 23 K-N2, RxBch!; 24 KxR, Q-N4ch; 25 K-R2, R-R1mate.

Thus, Gruenfeld could not have the piece, but had to play it safe with 15 P-B4. However, he should also have curbed his appetite for a pawn — after 15 . . . N-R3, it was too optimistic to expect to get away with 16 QxRP?

The exchange of queens with 18 QxQch, KxQ removed mating threats, but it was not enough to maintain White's shaky position after 19 P-B3, B-B3. Gruenfeld could not play 20 QR-Q1 because 20 . . . N-K6 wins the exchange. Moreover, 20 KR-Q1, R-R5; 21 K-R2, N-K6 will recover the pawn with great positional advantage for Black.

LOBRON BLACK



GRUENFELD WHITE

Position after 14 P-KR3

Gruenfeld's retreat with 21 B-Q3? was a blunder, whereas 21 B-K2, N-N6; 22 R-B2, P-N5; 23 NxB, KxN; 24 PxP, BxRch; 25 KxB, NxB; 26 RxN would have given White two pawns for the exchange and reasonable chances for a draw.

The Israeli found himself a piece down after 26 . . . RxB and he could well have resigned instead of waiting until 34 . . . P-N6.

FRENCH DEFENSE

	White Gruenfeld	Black Lobron		White Gruenfeld	Black Lobron
1	P-K4	P-K3	19	P-B3	B-B3
2	P-Q4	P-Q4	20	QR-K1	P-QR4
3	N-Q2	P-QB4	21	B-Q3	N-N6
4	KN-B3	PxQP	22	R-B2	P-N5
5	PxP	QxP	23	R-K3	B-N3
6	B-B4	Q-Q3	24	K-R2	PxP
7	0-0	N-KB3	25	BxP	BxN
8	N-N3	N-B3	26	RxB	RxB
9	N/NxP	NxN	27	B-N5	N-B4
10	NxN	B-Q2	28	R-B2	R-Q8
11	P-QN3	0-0-0	29	P-QB4	N-Q5
12	B-N2	Q-B2	30	R-B3	K-N3
13	Q-K2	P-KR4	31	B-B1	P-R4
14	P-KR3	N-N5	32	B-K1	R-R5
15	P-B4	N-R3	33	P-QN4	PxP
16	QxRP	B-B4	34	B-N1	P-N6
17	Q-K3	N-B4	35	Resigns	
18	QxQch	KxQ			

World Stock Markets

Via Agence France-Presse Nov. 25

Closing prices in local currencies unless otherwise indicated.

Amsterdam

	Close	Prev.
ABN	[illegible]	[illegible]
ACF Holding	[illegible]	[illegible]
Aegon	[illegible]	[illegible]
Akzo	[illegible]	[illegible]
Ahold	[illegible]	[illegible]
AMEV	[illegible]	[illegible]
A'Dam Rubber	[illegible]	[illegible]
Amro Bank	[illegible]	[illegible]
BVG	[illegible]	[illegible]
Buehrmann T	[illegible]	[illegible]
Caland Hldg	[illegible]	[illegible]
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ANP.CBS Gen'l Index : [illegible]
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Brussels

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Unerg	[illegible]	[illegible]
Vieille Montagne	[illegible]	[illegible]

Current Stock Index : [illegible]
Previous : [illegible]

Frankfurt

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Altana	[illegible]	[illegible]
BASF	[illegible]	[illegible]
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BBC	[illegible]	[illegible]
BHF-Bank	[illegible]	[illegible]
BMW	[illegible]	[illegible]
Commerzbank	[illegible]	[illegible]
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Degussa	[illegible]	[illegible]
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Deutsche Bank	[illegible]	[illegible]
Dresdner Bank	[illegible]	[illegible]
GHH	[illegible]	[illegible]
Harpener	[illegible]	[illegible]

Further stock tables (Hochtief, London, Hong Kong, Johannesburg, Milan, Paris, Singapore, Stockholm, Sydney, Tokyo, Zurich, Toronto, Montreal): [illegible]

Toronto Nov. 25

Canadian stocks via AP

Montreal Nov. 25

SPORTS

Raiders Nip Broncos On Kick in Overtime

The Associated Press

LOS ANGELES — Chris Bahr, getting a second chance, kicked a 32-yard field goal at 2:42 of overtime Sunday to give the Los Angeles Raiders a 31-28 National Football League victory over the Denver Broncos. Bahr had missed a 40-yard field that would have given the Raiders the victory on the final play in regulation.

"I hit them both well," Bahr said. "The one I missed, I hit as well as

NFL ROUNDUP

any I hit all year. It shocked me to see it go wide. It's nice to get the second chance, but I don't care if we get a safety, as long as we get the winning points."

The decision left the co-leaders of the Western Division of the American Football Conference with 8-4 records. They will meet again Dec. 8 in Denver.

The Raiders needed only five plays to move from their 20-yard line to the Bronco 14, putting them in position for Bahr's winning kick. Marcus Allen, who gained 173 yards on 24 carries for the day, started the drive with a 14-yard run. Two plays later, quarterback Marc Wilson fired a 42-yard pass to wide receiver Dokie Williams to put Bahr in range.

Denver had tied the game, 28-28, with 11:59 left in the fourth period on a 3-yard plunge by Steve Sewell. The Broncos drove 56 yards on 10 plays following an interception and 24-yard return by cornerback Louis Wright.

Denver took a 7-0 lead on the first of quarterback John Elway's three touchdown passes, a 16-yarder to wide receiver Steve Watson with 5:13 remaining in the first quarter. The Raiders needed only 22 seconds to tie it. After Fulton Walker returned the kickoff 27 yards to the Los Angeles 39-yard line, Allen went 61 yards — his longest run ever in a regular-season game — for a touchdown.

The Broncos made it 14-7 at 2:36 of the second period on a 9-yard shovel pass from Elway to running back Gerald Willhite, capping a 78-yard, 16-play drive. But the Raiders quickly moved 68 yards on six plays to make it 14-14, the touchdown coming on a 17-yard pass from Wilson to tight end Todd Christensen.

For the game, Wilson completed 16 of 34 pass attempts for 238 yards and was picked off three times. Elway finished with 19 completions in 32 attempts for 164 yards. He did not throw an interception.

Denver went ahead, 21-14, 59 seconds before halftime on a 6-yarder from Elway to tight end Clarence Kay. Los Angeles tied the score again at 6:05 of the third quarter on a 3-yard pass from Wilson to tight end Trey Junkin.

The Raiders took the lead for the first time with 3:28 to go in the quarter on a 1-yard bootleg by Wilson; that capped a 12-play drive following a surprise onside kickoff — which kicker Bahr recovered at the Denver 48.

An 11-yard Wilson-to-Allen pass put the ball at the Denver 42 with six seconds left in the game. Wilson then threw a 20-yarder to wide receiver Jessie Hester, who stepped out of bounds with one second showing on the scoreboard clock. But Bahr was wide right on his 40-yard field-goal attempt.

"You can't say it wasn't exciting," said Coach Tom Flores of the Raiders. Remarked Denver Coach Dan Reeves: "You have to give the Raiders credit. They certainly deserved to win the game. They really took it to us."

Buccaneers 19, Lions 16: In Tampa, Florida, Steve Young, in his first NFL start following his jump from the United States Football League, engineered a 10-point rally to force overtime, and Donald Igwebuike then kicked his fourth field goal of the game, a 24-yarder, to beat Detroit for Tampa Bay.

The game-winning kick completed an 11-play, 56-yard drive that Young started at his own 38 after a Detroit punt with 9:38 left in overtime. "In the huddle, Steve was really motivating us, getting the team moving," said offensive tackle Ron Heller. "You could see steam coming off him. It was almost like you didn't want to take a chance on disappointing the guy."

James Wilder had scored on a 6-yard run to cut the Lions' lead to 16-13 with 3:38 left in regulation, and Igwebuike kicked a 36-yard field goal with one minute to go.

Giants 34, Cardinals 3: In St. Louis, Phil Simms threw touchdown passes of 31 yards to Lionel Manuel and 12 yards to rookie Mark Bavaro and George Adams rushed for 113 yards and a TD as the New York Giants throttled the Cardinals.

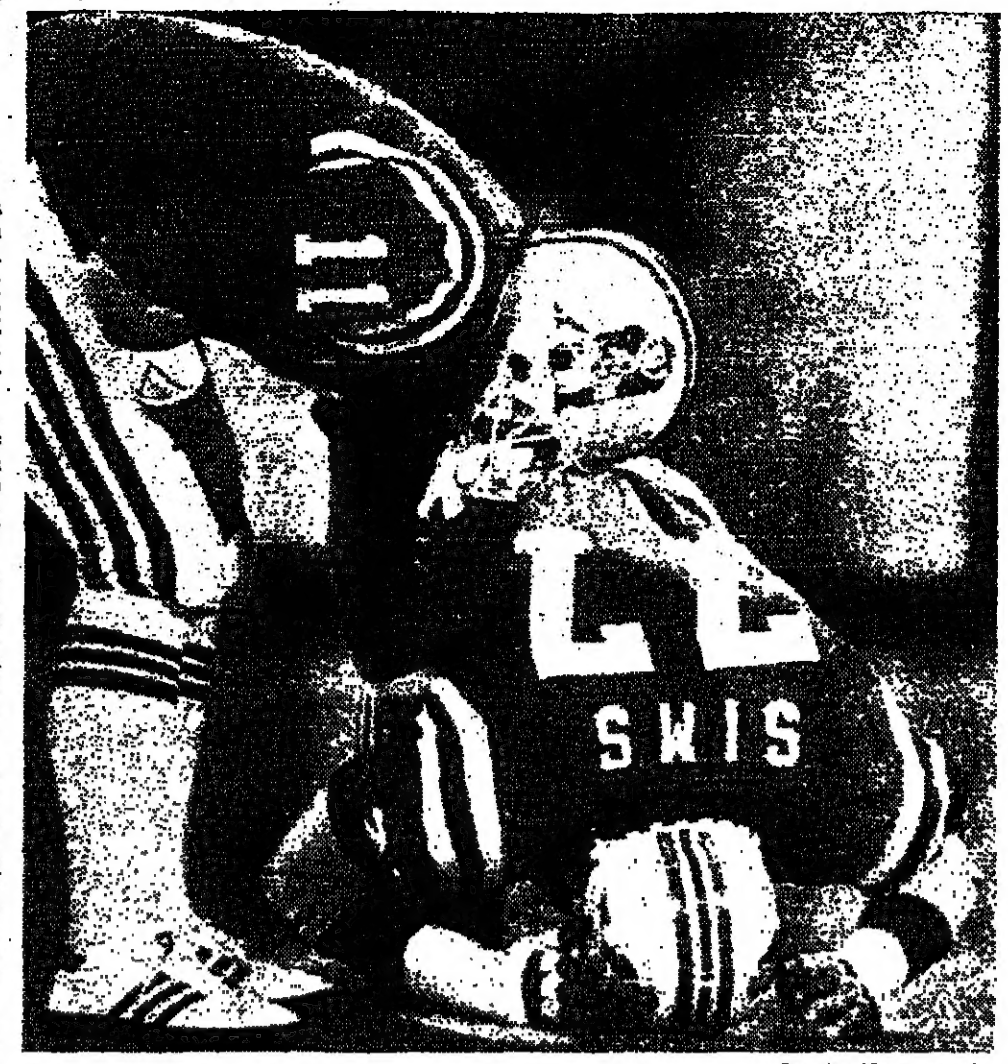
Cowboys 34, Eagles 17: In Irving, Texas, Danny White threw first-half TD passes of 2 and 23 yards to tight end Doug Cosbie and connected with wide receiver Mike Renfro on a 19-yard scoring strike in the fourth period as Dallas pasted Philadelphia.

The Cowboys also got scoring runs of 3 and 10 yards from Tony Dorsett, who went over the 1,000-yard rushing mark for the eighth time in nine seasons.

Rams 34, Packers 17: In Anaheim, California, Ron Brown, a member of the U.S. gold-medal 1984 Olympic track team, ran wild against Green Bay, going 98 yards for a touchdown with the game's opening kickoff and returning another kickoff 86 yards for a second-period TD.

Only two other men in NFL history — Timmy Brown of the 1966 Philadelphia Eagles and Travis Williams of the 1967 Green Bay Packers — have run back two kickoffs for TDs in a game.

Chiefs 20, Colts 7: In Kansas City, Missouri, Todd Blackledge passed 22 yards to Stephone Paige for one score, Mike Pruitt ran in from the two and Nick Lowery kicked field goals of 29 and 42 yards as the Chiefs ended a seven-game losing streak.



Reuters-United Press International

New England defensive end Ken Sims had trouble accepting Sunday's overtime loss to the New York Jets; consoling him was quarterback Tony Eason, who took over late in the first period when Steve Grogan sustained knee-ligament damage that will sideline him until 1986.

Australian Open Off to a Soggy Start

Compiled by Our Staff From Dispatches

MELBOURNE — Seventh-seeded Manuela Maleeva of Bulgaria paced three other seeds into the second round of the women's singles as the Australian Open tennis championships began Monday under soggy conditions.

Maleeva, 18, scored an easy 6-1, 6-1 victory over Lea Antonoplis of the United States. Meanwhile, 10th-seeded Catarina Lindqvist of Sweden, 11th seeded American Barbara Potter and No. 16 Katerina Maleeva — Manuela's 16-year-old sister — also won first-round matches in the 64-draw women's singles.

Lindqvist downed Regina Masikova of Czechoslovakia, 7-5, 6-2; Potter eased past compatriot Beth Norton, 6-3, 6-2, and Katerina Maleeva struggled before defeating American Sharon Walsh Pete, 7-5, 6-4.

Only 14 matches were completed as rain twice interrupted play on the grass surfaces before play was halted for the day.

A blunder also delayed the start on center court for more than two hours; a faulty sprinkler valve resulted in part of the show court's being flooded overnight.

Britons Sara Gomer and Amanda Brown also advanced, Gomer beating former U.S. collegiate champion Lisa Spain-Short, 6-2, 7-6, and Brown polishing off American Barbara Gerken, 6-2, 1-6, 6-0.

Chris Evert Lloyd, the top-seeded defending champion, and second-seeded Martina Navratilova were not scheduled Monday. Only three first-round men's singles were completed.

Most of the interest in the men's singles centered on two men who are not due to play until later in the week.

John McEnroe, the second seed, flew into Melbourne aiming to win the event for the first time. Despite failing to win a grand slam event this year, McEnroe said, "I feel great" following a two-hour workout here. With a first-round bye, he is not expected to play his opening match until Friday.

McEnroe is coming off an impressive victory in the Stockholm Open. Ivan Lendl, top-seeded here, has been unbeatable in the last couple of months. If form holds, McEnroe will meet defending champion Mats Wilander in one semifinal with Lendl taking on Wimbledon champion Boris Becker in the other. Wilander is seeded third and Becker fourth.

Becker gave his first news conference since arriving in Australia last week and named Lendl and McEnroe as his likely rivals. Becker said he felt much improved since his appearance here last year. "I think I am better in every way," he said. "I'm serving better and I don't think I have real weaknesses. I'm much more confident than before."

"It feels good to be back on grass," said the West German teenager. "The open was my first big tournament last year and it's good to be back. I love to play on the grass because I can dive around and it doesn't hurt." *(AP, UPI)*

British Columbia CFL Titlist

Compiled by Our Staff From Dispatches

MONTREAL — The big-play offense that led British Columbia to its third straight divisional title was dominant Sunday as the Lions won their first Canadian Football League championship in 21 years by defeating the Hamilton Tiger-Cats, 37-24, in the Grey Cup game.

Lion quarterback Roy Dewalt threw three touchdown passes, hitting wide receiver Ned Armour on 84- and 60-yard scoring plays, and wide receiver Jim Sandusky for a 66-yard TD reception.

Armour, a former San Diego State track star who never played college football, was playing as a replacement for Mervyn Fernandez, who missed both playoff games because of a thigh injury.

"When I got the opportunity to play, I used it the best I could," said Armour, who had three catches in all for 151 yards. "I only played one regular-season game and caught one pass all year long. It sure was satisfying to get in the playoff game last week and to finally be part of something as great as this."

Armour, who has world-class speed, came to the CFL in 1982 after being cut by the San Diego Chargers, who signed him as a free agent. He outran Hamilton cornerback Less Browne on post patterns on both TD passes to break open Sunday's title game.

Dewalt completed 14 of 28 passes for 394 yards without an interception for the Lions, who finished first in the Western Division with a 13-3 record. The Tiger-Cats, champions of the East with an 8-8 mark, rallied from a 13-0 deficit to take a one-point lead in the second quarter, but they couldn't contain the explosive Lion offense.

Nor could they handle a defense that harrassed quarterback Ken Hobart throughout the game and sacked him eight times. Said British Columbia defensive end Nick Hebeler: "We had a good game plan and did a pretty good job executing it. Hobart's a great player and he'll be heard from in future years."

Dewalt, named the game's outstanding player, not only threw his three touchdown passes but also kept the Lion offense moving enough to set up five field goals by Lui Passaglia, who added three TD conversions and a 57-yard single.

Hamilton's touchdowns came on a 35-yard catch by Ron Ingram, a 1-yard dive by Johnny Shepherd and a 12-yard reception by Steve Stapler. Bernie Ruoff had three conversions and a 21-yard field goal. *(AP, UPI)*

Trailing by 9 With 31 Seconds Left, Bucks Rally to Defeat Suns, 140-138

The Associated Press

PHOENIX, Arizona — Things looked pretty bleak for the Milwaukee Bucks when they trailed by 127-118 with 31 seconds left against the Phoenix Suns.

But the Bucks showed Sunday night why they lead the National Basketball Association's Midwest Division by rallying to tie and then winning, 140-138, on Jeff Lamp's two free throws with four seconds remaining in overtime.

"I don't think we had much business winning this game," Lamp said. "We just kept playing hard and got some breaks at the end."

Terry Cummings sparked the incredible comeback at the end of regulation with two baskets in the last 29 seconds, including a buzzer-beating 16-foot jumper that tied the game, 128-128.

Milwaukee Coach Don Nelson was ejected with 7:42 left in the third quarter and Phoenix up by 73-70. The Bucks were coached the rest of the game by assistant Mike Schuler, who said, "Terry's was a big, big hoop. We were looking for him and he came through."

Cummings scored 13 of his team-high 28 points in the final period, which started with the Suns leading, 96-86. "I was supposed to re-

NBA FOCUS

ceive the ball in the post, but the Phoenix defense cut us off so I took it to the right side and shot it," Cummings said of his game-tying shot. "This one is real sweet."

Milwaukee made up the nine-point deficit on Cummings's slam dunk with 29 seconds left. Lamp's three-point play with 26 seconds to go, Ricky Pierce's three-pointer with 11 seconds remaining and Cummings's jumper.

With the Suns leading, 127-123, and 19 seconds left, Larry Nance missed two free throws that would likely have put the game out of reach. "Come talk to me — I'm to blame for this one," Nance said. "I should have hit those two free throws and we shouldn't have been in overtime. Blame this one on me, O.K.?"

"We threw the ball away and made a few mistakes there toward the end," was the understatement of Coach John MacLeod, whose Suns are 2-13. "We had a big lead, but we were taking our shots too fast. We should have been icing down the time. We just shot too early."

The Bucks led, 138-135, late in overtime, but Walter Davis, who had a season-high 38 points for the losers, hit a free throw with 19 seconds left and added two more with nine seconds to go. After Lamp's decisive free throws, the Suns' Rod Foster missed a desperation 15-footer at the buzzer.

Lamp finished with 23 points and Sidney Moncrief 21 for the Bucks, while Alvan Adams had 28 points for Phoenix.

Islanders Edge Rangers, 4-3, on a Giveaway Goal

The Associated Press

NEW YORK — Steve Richmond gave it away, and the New York Islanders were glad to take it. "They say that one player can't lose

NHL FOCUS

a hockey game, but I did," said Richmond after the Islanders defeated his New York Rangers, 4-3, in overtime Sunday night.

Richmond had just hit the ice to relieve some tired defensemen when things fell apart for the Rangers, who had stormed back from a 3-1 deficit.

Tied at 3-3, thanks to Reijo Ruotsalainen's second goal of the game in the third period, the Rangers looked as if they were going to put the Islanders away for the second-straight time when they peppered goaltender Billy Smith with three successive shots in overtime.

But one of the near-misses bounced to Islander center Pat LaFontaine, who batted the puck out to the blue line. Richmond tried to control the puck, but fumbled it away to Islander Greg Gilbert, who was playing in only his fifth game since last February because of knee surgery. Gilbert skated in all alone and beat goalie Ron Scott 1:57 into overtime. "There's no excuse for giving up a puck for a breakaway goal at this level," Richmond said. "I sure picked a bad time to do it."

In the night's only other games, Philadelphia beat Pittsburgh and Chicago and Los Angeles skated to tie.

The Islanders had taken a 2-0 lead on first-period tallies by Ken Leiter and Mike Bossy before Ruotsalainen connected from 55 feet on a slapshot at 18:14. Leiter's goal, his first in the NHL, was launced from the top of the right faceoff circle and came off a pass from Neal Coulter.

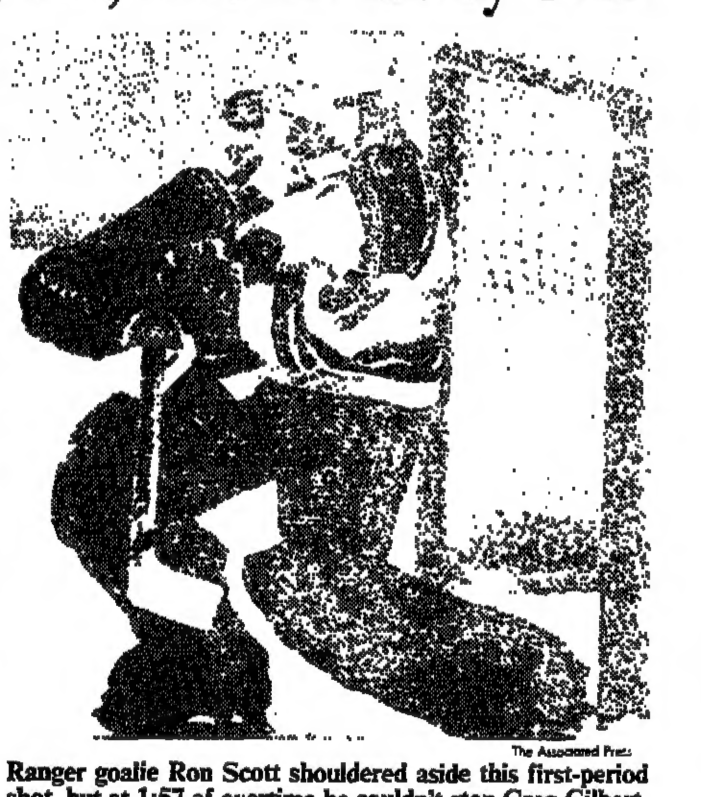
"It was one of those shots you always dream about," Leiter said. "The puck came out slowly to me and I just shot it. I don't even know where it went in. I just saw the light go on."

Bossy fired a point-blank 25-footer at 11:15 for his 13th goal of the season. LaFontaine made it 3-1 when he flipped the puck over Scott's shoulder to cap a 2-on-1 break at 4:02 of the second period.

The Rangers' Bob Brooke scored his eighth goal (one more than his total last season) on a 10-footer at 13:03 of the second period to trim the deficit to 3-2 before Ruotsalainen tied it with his fifth goal of the year.

The Islanders avenged a 5-0 drubbing by the Rangers Saturday night at the Nassau Coliseum. "To lose here would have been devastating," said Gilbert. "It was an advantage to play them so soon. We had an opportunity right away to redeem ourselves."

It was also the first time in his career that Smith had been victorious in overtime during the regular season. *(AP, UPI)*



The Associated Press

Ranger goalie Ron Scott shouldered aside this first-period shot, but at 1:57 of overtime he couldn't stop Greg Gilbert, who gave the Islanders a 4-3 decision Sunday in New York.

SCOREBOARD

Basketball

National Basketball Association Standings

EASTERN CONFERENCE

Atlantic Division	W	L	Pct.	GB
Boston	11	2	.846	—
New Jersey	9	7	.563	3½
Philadelphia	6	7	.462	5
Washington	6	8	.429	5½
New York	3	11	.214	8½
Central Division				
Milwaukee	13	5	.722	—
Detroit	10	5	.667	1½
Atlanta	7	8	.467	4½
Cleveland	6	9	.400	5½
Chicago	6	10	.375	6
Indiana	3	10	.231	7½

WESTERN CONFERENCE

Midwest Division	W	L	Pct.	GB
Denver	11	3	.786	—
Houston	10	5	.667	1½
Utah	8	7	.533	3½
San Antonio	7	8	.467	4½
Dallas	6	7	.462	4½
Sacramento	4	10	.286	7
Pacific Division				
L.A. Lakers	13	2	.867	—
Portland	10	7	.588	4
Golden State	7	9	.438	6½
L.A. Clippers	6	8	.429	6½
Seattle	6	9	.400	7
Phoenix	2	13	.133	11

SUNDAY'S RESULTS

Chicago	27	27	22	30	106
Washington	27	26	25	37	115

Ruland 11-15 5-7 27, Malone 10-19 6-9 26; Dailey 10-14 7-7 27; Woolridge 10-21 6-6 26. Rebounds: Chicago 27 (Green 9), Washington 40 (Ruland 12). Assists: Chicago 14 (Paxson, Corzine 3), Washington 30 (Williams 9).

Atlanta	21	28	17	24	90
Cleveland	24	13	35	24	96

Turpin 12-17 3-3 27, Anderson 6-9 2-2 14; Levingston 6-13 5-8 17, Willis 4-8 5-6 13. Rebounds: Atlanta 51 (Levingston 11), Cleveland 63 (Hinson 11). Assists: Atlanta 24 (Wittman 8), Cleveland 20 (Bagley 13).

Houston	25	36	23	34	118
Portland	37	34	26	28	125

Thompson 11-17 7-8 29, Paxson 10-17 8-8 28; Olajuwon 15-25 7-9 37, Lloyd 10-18 0-0 20. Rebounds: Houston 53 (Olajuwon 10), Portland 49 (Thompson 13). Assists: Houston 19 (Sampson 4), Portland 20 (Valentine 7).

New Jersey	30	32	27	28	116
Sacramento	31	20	31	21	103

Birdsong 9-16 3-5 21, Richardson 7-11 3-4 17, Dawkins 6-6 5-7 17; Theus 6-14 3-4 16, Woodson 6-20 4-5 16, Kleine 5-13 4-7 14, Thompson 2-5 10-12 14. Rebounds: New Jersey 49 (Williams 17), Sacramento 37 (Thorpe, Kleine 9). Assists: New Jersey 31 (Richardson 12), Sacramento 22 (Drew 5).

Denver	18	26	18	22	84
Seattle	22	38	31	19	110

McDaniel 9-16 4-6 22, Chambers 8-16 1-2 17; English 7-16 2-2 16, White 5-9 2-2 14. Rebounds: Denver 35 (Natt, Cooper 7), Seattle 51 (Sikma 11). Assists: Denver 23 (White 5), Seattle 25 (Henderson 10).

Milwaukee	28	32	26	42	12	140
Phoenix	22	36	38	32	10	138

Cummings 12-19 4-9 28, Lamp 8-12 7-7 23; W.Davis 11-20 15-17 38, Adams 11-13 6-8 28. Rebounds: Milwaukee 56 (Cummings, Lister, Lamp 6), Phoenix 58 (Nance 11). Assists: Milwaukee 26 (Pressey 8), Phoenix 40 (Nance 8).

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Hockey

NHL Standings

WALES CONFERENCE

Patrick Division	W	L	T	Pts	GF	GA
Philadelphia	17	4	0	34	104	65
Washington	12	6	3	27	82	65
NY Islanders	9	7	4	22	77	78
NY Rangers	[illegible]					
New Jersey	[illegible]					
Pittsburgh	[illegible]					
Adams Division						
Boston	[illegible]					
Buffalo	[illegible]					
Quebec	[illegible]					
Montreal	[illegible]					
Hartford	[illegible]					

CAMPBELL CONFERENCE

Norris Division	W	L	T	Pts	GF	GA
St. Louis	[illegible]					
Chicago	[illegible]					
Minnesota	[illegible]					
Detroit	[illegible]					
Toronto	[illegible]					
Smythe Division						
Edmonton	[illegible]					
Calgary	[illegible]					
Vancouver	[illegible]					
Winnipeg	[illegible]					
Los Angeles	[illegible]					

SUNDAY'S RESULTS

[illegible]

Selected College Results

[illegible]

Australian Open Tennis

The Draw

MEN

[illegible]

Results

[illegible]

Football

National Football League Standings

AMERICAN CONFERENCE

East	W	L	T	Pct.	PF	PA
N.Y. Jets	9	3	0	.750	303	197
New England	8	4	0	.667	240	200
Miami	8	4	0	.667	298	245
Indianapolis	3	9	0	.250	214	292
Buffalo	2	10	0	.167	162	256
Central						
Cleveland	6	6	0	.500	201	172
Pittsburgh	6	6	0	.500	272	218
Houston	5	7	0	.417	206	270
Cincinnati	5	7	0	.417	299	325
West						
L.A. Raiders	8	4	0	.667	274	261
Denver	8	4	0	.667	294	252
Seattle	6	5	0	.545	261	225
San Diego	5	7	0	.417	319	332
Kansas City	4	8	0	.333	222	278

NATIONAL CONFERENCE

East	W	L	T	Pct.	PF	PA
Dallas	8	4	0	.667	264	214
N.Y. Giants	8	4	0	.667	282	196
Washington	7	5	0	.583	218	225
Philadelphia	6	6	0	.500	200	210
St. Louis	4	8	0	.333	203	290
Central						
x-Chicago	12	0	0	1.000	359	127
Detroit	6	6	0	.500	230	260
Green Bay	5	7	0	.417	246	281
Minnesota	5	7	0	.417	244	278
Tampa Bay	2	10	0	.167	247	358
West						
L.A. Rams	9	3	0	.750	258	198
San Francisco	6	5	0	.545	275	187
New Orleans	4	8	0	.333	220	323
Atlanta	2	10	0	.167	218	357

(x-clinched division title)

SUNDAY'S RESULTS

Chicago 36, Atlanta 0
Cleveland 24, Cincinnati 6
Houston 37, San Diego 35
Washington 30, Pittsburgh 23
Miami 23, Buffalo 14
N.Y. Jets 16, New England 13, OT
New Orleans 30, Minnesota 23
N.Y. Giants 34, St. Louis 3
Tampa Bay 19, Detroit 16, OT
Dallas 34, Philadelphia 17
L.A. Rams 34, Green Bay 17
Kansas City 20, Indianapolis 7
L.A. Raiders 31, Denver 28, OT

MONDAY'S GAME

Seattle at San Francisco

Grey Cup Summary

(At Montreal)

Hamilton	0	14	0	10	24
Br. Columbia	10	13	3	11	37

First Quarter: BC—Armour 84 pass from Dewalt (Passaglia kick), 5:16; BC—FG Passaglia 44, 11:14.

Second Quarter: BC—FG Passaglia 20, 3:16; Ham—Ingram 35 pass from Hobart (Ruoff kick), 6:57; Ham—Shepherd 1 run (Ruoff kick), 13:00; BC—Armour 60 pass from Dewalt (Passaglia kick), 13:40; BC—FG Passaglia 24, 14:35.

Third Quarter: BC—FG Passaglia 37, 9:59.

Fourth Quarter: BC—FG Passaglia 27, :09; Ham—FG Ruoff 21, 3:49; BC—Sandusky 66 pass from Dewalt (Passaglia kick), 6:34; Ham—Stapler 12 pass from Hobart (Ruoff kick), 9:27; BC—Single Passaglia 57, 14:20.

	BC	Ham
First downs	16	17
Rushes-yards	20-121	28-198
Passing	394	184
Comp-Att	14-28-0	11-35-2
Punts-average	12-41	12-46
Fumbles-lost	2-1	1-1
Penalties-yrds	12-105	10-45

RUSHING: British Columbia, Sims 19-98, Passaglia 1-13. Hamilton, Hobart 14-110, Shepherd 14-88.

PASSING: British Columbia, Dewalt 14-28-0-394. Hamilton, Hobart 10-32-1-174, Porras 1-3-1-10.

RECEIVING: British Columbia—Sandusky 6-135, Armour 3-151, Pankratz 3-79. Hamilton, Stapler 5-55, Ingram 3-107, Crawford 2-2.

ATTENDANCE: 56,723

ART BUCHWALD

Women's Throw-Weight

WASHINGTON — While summit watchers are divided on whether Reagan or Gorbachev came out best in Geneva, there was one person at the talks who really got a raw deal. He was Donald Regan, the president's chief of staff, who unfortunately spoke to a reporter as to the role of the leaders' wives at the conference.

In an interview with The Washington Post, Regan said that the coverage of Mrs. Reagan's and Mrs. Gorbachev's activities in Geneva would have high appeal to women. "They're not going to understand throw-weights or what is happening in Afghanistan or what is happening in human rights," he said. "Some women will, but most women — believe me, your readers for the most part if you took a poll — would rather read the human interest stuff of what happened."

Buchwald

□

I knew Regan was in trouble when I walked into my office and found my assistant steaming over her coffee, and the Post article.

"Is he crazy?" Cathy wanted to know.

"No, he's a very sane man. He was only making a point that most women would rather read about Nancy and Raisa because your sex does not have the capacity to understand anything about throw-weights."

"What is throw-weight?"

"Well, it a — a — it has to do with ah — something in the arms talks — like our side says, 'Don't throw your weight around at this table' and then the other side says, 'We'll throw our weight anywhere we want to.' And then both sides walk out of the room. A woman would never understand it."

"Suppose I told you throw-weight is the total weight of what can be carried by a missile over a particular range. It is the weight of the business end of the rocket, and it includes the armaments along with the hardware necessary to get them to their targets back on earth from the apogee of a ballistic trajectory, once they have been 'boosted' to that height by the launch vehicle and after the other stages of the missile have fallen away."

"I'd say you were lying."

"How can Donald Regan believe that women are more interested in what Mrs. Reagan and Mrs. Gorbachev had for tea than war and peace between the superpowers?"

"He didn't exactly say that. He said that women by nature are much more fascinated by 'human interest stuff' than what happens in Afghanistan."

□

"Do you know where Afghanistan is?" Cathy asked.

"Not offhand, but if you give me an atlas I'll find it."

"It's next to Pakistan and south of the Soviet Union. If Regan wants to poll women about what they are interested in, why doesn't he poll men on the whereabouts of Afghanistan?"

"You're taking Don Regan's statement much too seriously," I warned Cathy. "He was just joshing as he would in a men's locker room."

"He's the second most important man in the White House."

"When he said those things he wasn't speaking as a White House aide, but as a former Marine. As an ex-Marine myself, I assure you that we revere the weaker sex. If anything, Regan was complimenting women for being more involved with clothes than human rights."

"Regan is Ronald Reagan's Rambo," Cathy said.

□

I had never seen her like this before. "You must not get upset," I told her. "Regan did leave an out for himself when he said *some* women would still be interested in the major issues of the summit."

"Followed by *most* wouldn't," she said. "Does that statement make him a pig or doesn't it?"

"I don't think it is for us to judge what Regan believes American women want to read from the summit. The only thing we can do is judge him as a man."

Byron Letter Fetches $50,000

Reuters

PARIS — A letter dated 1823 from Lord Byron, the English poet, to the French novelist Stendhal fetched 380,000 francs (about $50,000) at an auction of 19th-century letters and manuscripts.

Roy Cohn Reflects on His Fiery Career

By David Margolick
New York Times Service

WASHINGTON — Both in law and life, Roy M. Cohn has usually gotten his way. But now Cohn is fighting battles on two fronts, and his lawyers and friends say it is not clear whether he will win on either one.

Four months ago, a disciplinary committee recommended that he be disbarred for several purported abuses. And, for more than a year, Cohn, 58, has been fighting liver cancer. Last month, his doctor told the bar panel he had 6 to 12 months to live.

"The burden of life has shifted," Cohn said in a recent interview. "Now the burden is against me and my making it is an uphill fight."

In the interview, which focused on Cohn's physical and professional troubles, he emerged as the "totalist" that William F. Buckley recently called him during hearings in Cohn's case in New York. He appears totally devoted to his friends, his past conduct, his conservative, anti-communist politics.

At one point Cohn was asked whether, if he died tomorrow, he would die content.

"The answer is yes, I would," he said, adding that he was not particularly bothered by the prospect that his death would satisfy his detractors.

"But I'd feel sorry, in a sense, for the people who have done this to me," he said, referring to the disciplinary panel. "There are certain rules of decency that you fight under, whether you're fighting communists or anti-communists or people you just don't like. I've been a tough fighter, but I hope I haven't kicked people when they're down."

For three decades, from the moment millions of television viewers saw him whispering to Senator Joseph McCarthy at a hearing, Cohn, then the senator's key aide, has been among the most durable and distinctive figures of his generation — anathema to many, friend to the powerful, patron of politicians, confidant of cardinals.

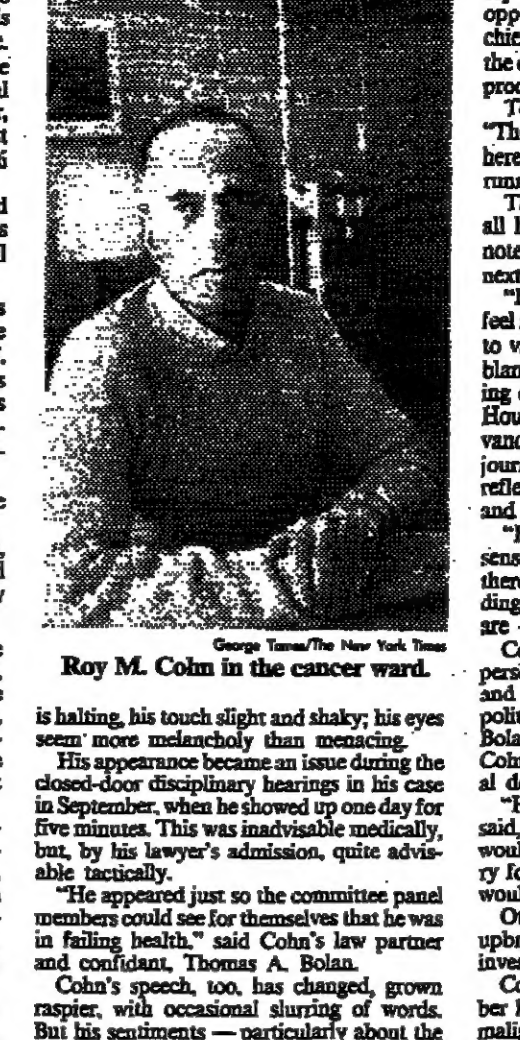
For the last three weeks, he has simply been, according to his green plastic bracelet, "Roy Marcus Cohn," a hyphenated patient number at a Washington-area hospital.

For much of that time, usually eight hours a day, his left hand is bound by adhesive tape to an intravenous device containing two bottles of clear fluid — part of the experimental cancer medication that he said he and eight others around the country were taking.

"Sometimes I think I've gotten married to a machine," he said. "When you wake up in the morning it's there and you feel like reaching over and patting it. When you go to bed at night you look over to make sure it's feeling all right and that the light is flashing.

"The rest of the time, I feel like throwing it out of the window."

Illness has softened his features. His walk is halting, his touch slight and shaky; his eyes seem more melancholy than menacing.



George Tames/The New York Times

Roy M. Cohn in the cancer ward.

His appearance became an issue during the closed-door disciplinary hearings in his case in September, when he showed up one day for five minutes. This was inadvisable medically, but, by his lawyer's admission, quite advisable tactically.

"He appeared just so the committee panel members could see for themselves that he was in failing health," said Cohn's law partner and confidant, Thomas A. Bolan.

Cohn's speech, too, has changed, grown raspier, with occasional slurring of words. But his sentiments — particularly about the panel that has recommended his disbarment on the grounds that he misused a client's funds a decade ago — are no less pungent.

He called the five committee members "a bunch of deadbeat guys who could never get a significant job by election of the public or appointment by any responsible authority," and said that the panel's investigation of him was "a set-up."

"Let's say I'm very controversial, which I am. Of all the lawyers in the country, am I such a menace that I am supposed to be pulled out of a wastebasket after 10 years on the basis of a couple of stale, garbage-pail cases?"

Cohn has defeated disbarment attempts before and said he was confident of fending this one off. In this instance, however, he has a new enemy: time.

The Appellate Division of the New York State Supreme Court gave Cohn until January to rebut the case against him, a measure opposed by Michael Gentile, the bar panel's chief counsel. Such an extension, Gentile told the court, might "effectively nullify the entire proceeding."

To Cohn, that translates to one thing: "They want to do a job on me while I'm still here, period, and they're afraid time might be running out."

This is not to say that Cohn has abandoned all hopes about his health. His doctors, he noted, have told him he may be discharged next week to resume treatment in New York.

"Maybe I'm kidding myself, but I don't feel near death at all," he said. He would like to vacation in Acapulco, resume some semblance of his law practice and continue working on his autobiography. He said Random House recently offered him a $250,000 advance for his memoirs, to be be edited by the journalist Sidney Zion. They would contain reflections on McCarthy, the Rosenberg case and other episodes.

"I can't practice law in the traditional sense of taking on an eight-week trial, but there are things I can do. But nobody's kidding me. I know what my chances of survival are — maybe 40 percent."

Cohn has a varied collection of allies; 36 persons, including Buckley, Barbara Walters and William Safire, along with judges and politicians, have appeared before the panel, Bolan said. All attested to what they called Cohn's honesty and integrity in their personal dealings with him.

"He is absolutely impeccable," Buckley said, according to transcripts. "Not only would I have to forage within my own memory for any example of a lack of integrity; I would find it a priori inconceivable."

Other witnesses, such as Safire, sharply upbraided the panel for the timing of its investigation.

Cohn said he discovered his illness in October 1984, when he found what proved to be a malignant tumor behind his ear. Shortly thereafter, he started daily chemotherapy.

He attempted to maintain his customarily hectic schedule of work and travel, including trips to Monte Carlo and Israel last summer and a recent appearance at the annual Al Smith dinner. But Bolan said his law practice had been reduced to "zilch."

Cohn, who spent several months in treatment in New York, recalled how he began to cry as he ate lunch with Walters during a break in his chemotherapy.

"You start talking about old times, and it's murder," he said beginning to cry anew. "It's a funny thing to say, but it's the effect of all this on my friends, my clients, the people who have supported me for 30 years, that's almost the worst part of it."

PEOPLE

Little Woman, Published

When she was 8, Gretchen Anderson combined her love of cooking with her love for the books of Louisa May Alcott to come up with a school project. She is now 12, and the project is a book. "The Louisa May Alcott Cookbook" was brought out this fall by Little, Brown and Co., publishers of the books Alcott wrote 100 years ago. It contains recipes of 28 dishes mentioned in "Little Women" and "Little Men," each accompanied by the relevant reference in the books. Gretchen lives in Sudbury, near Orchard House in Concord, Massachusetts, where Alcott lived. "I think I want to be a chef, but I'm not sure," she said recently. "I've been cooking since I was 4 or 5." Gretchen researched 19th-century cookbooks for the recipes at her local library.

□

The Central Intelligence Agency training manual explaining how to "neutralize" Nicaraguan officials has received the 1985 Doublespeak Award from the National Council of Teachers of English. The council, meeting in Philadelphia, also singled out Philadelphia officials for special mention for saying that an "entry device," rather than a bomb, was dropped by police on the headquarters of the radical group MOVE on May 13. The CIA manual, intended to advise rebels fighting Nicaragua's leftist Sandinist government, was voted this year's "most conspicuous example of language that is grossly deceptive, evasive, euphemistic, confusing or self-contradictory," William D. Lutz, chairman of the council's Committee on Public Doublespeak, said. Lutz, head of the English department at Rutgers University, said the prize was inspired by George Orwell's intention to expose gobbledygook.

□

More than a hundred film stars turned out for a tribute in Los Angeles to Roddy McDowall, the child actor who grew up to become Hollywood's best buddy, and Deborah Kerr, the perfect screen lady. "He's a consumate actor, but he's a genius at friendship," Elizabeth Taylor said in presenting McDowall at the third annual American Cinema Awards banquet in Los Angeles. "I know and appreciate and am in awe of the great, compassionate actress, Deborah Kerr," Dinah Shore said of her friend since their days together as struggling ingénues. The dinner was held to raise funds for a cinema museum and library to be built in Malibu, California.

□

A yacht built for the Nazi leader Hermann Goering was auctioned Monday for 270,000 Deutsche marks (about $100,000), four months after its latest owner was convicted of fraud in the fake Hitler diaries case. The yacht, Carin II, was impounded by a court in Hamburg after the convicted journalist, Gerd Heidemann, failed to meet monthly payments on a loan from Deutsche Bank, which requested the auction, a court spokesman said. The vessel was bought by Falco George Jaksic, who is believed to be resident in the Caribbean island of St. Vincent. Proceeds of the sale will go to Deutsche Bank.

□

The South African writer J. M. Coetzee was awarded the Prix Femina Etranger, a new award, on Monday for his novel "Life and Times of Michael K." The novel, which has also won Britain's top literary award, the Booker Prize, is set against a background of explosive racial strife in South Africa. Another top French literary prize, the Prix Médicis Etranger, was awarded for "God Knows" to the American writer Joseph Heller. The Médicis prize for the best philosophical essay, awarded for the first time, went to Michel Serres, a French professor at Stanford University, for his book, "The Five Senses." The Prix Médicis Français went to Michel Braudeau, 39, for his novel "Naissance d'une passion" (Birth of a Passion), the story of a youth in the 1960s. The Prix Fémina Français went to Hector Bianciotti, an Argentine who has lived in France for 25 years, for his novel "Sans la Miséricorde du Christ" (Without the Pity of Christ).

□

The Association for the Preservation of Humor in International Affairs, based in Paris, has presented its annual Noble Prize for humor to Pierre Daninos, the French writer who created "Major Thompson," the typical Englishman loose in France.

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